AR09

TRADERS GROUP LIMITED

Annual Report
1981

TRADERS GROUP LIMITED 61st ANNUAL REPORT 1981

Contents

Annual Meeting

The Annual Meeting of Shareholders will be held at 11.30 a.m., Friday, February 26th, 1982, in Toronto, in the Ballroom of the Royal York Hotel.

Assemblée annuelle

L'assemblée annuelle des actionnaires aura lieu à 11 h 30, le vendredi 26 février 1982, à Toronto. Endroit : salon ''Ballroom'', Hôtel Royal York.

Rapport annuel

Si vous désirez recevoir un exemplaire en français du rapport annuel Groupe Traders Limitée, veuillez vous adresser au service des finances, Le Groupe Traders Limitée, 625, rue Church, Toronto (Ontario) M4Y 2G1.

Consolidated Highlights

1981	1980	% Increase (Decrease)
$ 612,033,000	$ 518,527,000	18
3,191,000	11,606,000	(73)
2,665,000	9,740,000	(73)
0.12	1.76	(93)
0.02	1.40	(99)
1.03¾	1.25	(17)
0.10%	5.89%	(98)
$3,568,874,000	$3,393,743,000	5
2,037,081,000	1,721,397,000	18
5,605,955,000	5,115,140,000	10
149,670,000	155,512,000	(4)
5,069,000	5,122,000	(1)
3,458	3,526	(2)
284	329	(14)
$ 757,000	$ 4,004,000	(81)
1,632,000	3,607,000	(55)
1,560,000	1,289,000	21
—	(1,866,000)	—
(526,000)	—	—
(758,000)	2,706,000	(128)
$ 2,665,000	$ 9,740,000	(73)

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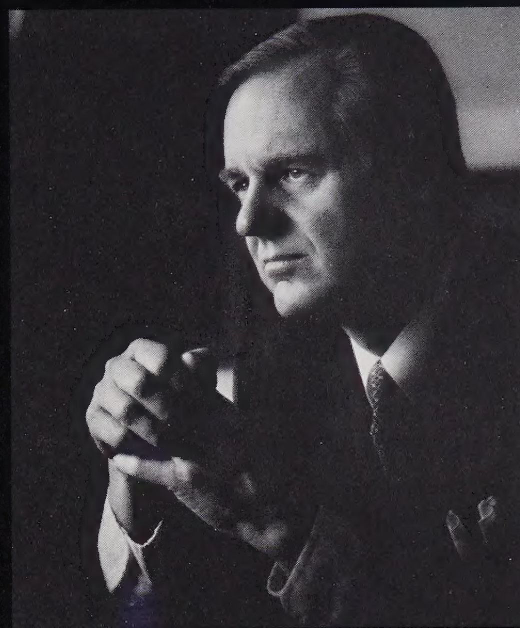
Consolidated Highlights

	1981	1980	% Increase (Decrease)
Consolidated gross income	**$ 612,033,000**	$ 518,527,000	18
Consolidated net income—continuing operations	**3,191,000**	11,606,000	(73)
Consolidated net income	**2,665,000**	9,740,000	(73)
Earnings per common share—continuing operations	**0.12**	1.76	(93)
Earnings per common share	**0.02**	1.40	(99)
Dividends declared per common share	**1.03¾**	1.25	(17)
Return on average common equity	**0.10%**	5.89%	(98)
Assets under administration			
Consolidated assets	**$3,568,874,000**	$3,393,743,000	5
Estate, trust and agency assets	**2,037,081,000**	1,721,397,000	18
Total assets under administration	**5,605,955,000**	5,115,140,000	10
Consolidated shareholders' equity	**149,670,000**	155,512,000	(4)
Weighted average number of common shares outstanding	**5,069,000**	5,122,000	(1)
Employees	**3,458**	3,526	(2)
Branches	**284**	329	(14)

Net Income (Loss) by Line of Business

	1981	1980	% Increase (Decrease)
Trust Company	**$ 757,000**	$ 4,004,000	(81)
Guaranty Properties	**1,632,000**	3,607,000	(55)
Finance Group—continuing operations	**1,560,000**	1,289,000	21
—discontinued operation	**—**	(1,866,000)	—
—investment write-down	**(526,000)**	—	—
Insurance Group	**(758,000)**	2,706,000	(128)
Consolidated net income	**$ 2,665,000**	$ 9,740,000	(73)



Chairman's Report to Shareholders

The year 1981 was a disappointing year for your Corporation. The many positive achievements during the year, including higher volumes of business, improved quality of assets, strengthened liquidity and an excellent record of cost controls were largely offset by unfavourable economic factors. Unacceptable levels of inflation and record high interest rates which rose during the first two thirds of the year and peaked at 22.75 percent in August, 1981, adversely affected the profitability of each of our four major businesses.

A strong improvement in fourth quarter profits overcame the loss for the first nine months and the net income for the year after discontinued operations and investment write-offs was $2,665,000 compared with a profit of $9,740,000 in the preceding year. Earnings per common share for 1981 were a modest $0.02 compared with $1.40 a year earlier.

Because of the unfavourable results, your Directors deemed it advisable to reduce the Corporation's common share dividend to 10 cents per share for the quarter commencing January 1, 1982.

Total assets under administration rose by $490,815,000 or 10 percent to $5,605,955,000 at December 31, 1981. Of this increase, $175,131,000 was attributable to growth in the various Companies' financial assets, while $315,684,000 was attributable to estate, trust and agency assets administered by the Trust Company. The major portion of the growth in intermediary assets was in the corporate lending and short term asset portfolios where the bulk of the loans were made at floating rates. In addition, virtually all new mortgage advances were made for one year or less. As a result of these policies, on a consolidated basis, investments and loans with a maturity of up to one year or on a floating rate basis approximated 42 percent of total assets at the 1981 year-end compared with 34 percent a year earlier.

Turning to the income statement, it is gratifying to note that consolidated gross income improved by $93,506,000 or 18 percent to $612,033,000 for the 1981 year. The yield earned on total average assets improved by 191 basis points to 17.6 percent for the year.

Fee and commission income in the Trust Company improved over 35 percent reflecting innovative marketing programs. After a strong start in 1981, land and housing sales fell as buyers deferred investment decisions pending lower interest rates. However, real estate sales and other income for the year improved by 18 percent to $20,628,000. In the Insurance Group, policies in force reflected substantial growth, particularly in the successful new non-smokers' life insurance policies introduced early in 1981 and total income increased by $16,452,000 or 15 percent.

The full impact of high interest rates and inflation was felt in the Corporation's consolidated expenses which rose by $105,032,000 or 21 percent in 1981. High interest rates caused interest expense in the Trust Company and the Finance Group to grow at a faster rate than interest revenues, resulting in a narrowing of interest rate spreads by 59 basis points to 2.12 percent for 1981. High interest rates also caused Guaranty Properties to write down its land inventory by $1,475,000 to provide for a reasonable margin on future sales. In the Insurance Group, inflation severely increased the cost of claims which rose by $22,334,000 or 28 percent, far in excess of the Company's ability to raise its premium rates in a highly competitive market.

The level of credit losses reflected the success of the Corporation's continuing efforts to maintain high quality lending portfolios in particularly adverse economic conditions. Other operating costs, largely salaries, administration and marketing, were held to an increase of 8 percent. Improving productivity and eliminating marginally profitable businesses and branch locations is a continuing objective. Aetna Financial Services suffered a major loss on the last of its commercial lending accounts, causing your Corporation to write down its investment in that Company.

During 1981, the Corporation pursued its policy of upgrading the skills of its employees. Particular emphasis was given to the training of managers through courses sponsored by the Trust Companies Institute and the Insurance Companies Institute of Canada.

Mr. E. Wallace Flanagan, President of the Corporation, was relocated in September to our Western Headquarters in Calgary, Alberta. This is in keeping with our objective of maintaining a strong business presence in Western Canada.

New trust company legislation was not introduced in 1981 as anticipated last year. It is of concern to us that the government continues to postpone the introduction of this legislation because it adversely affects the competitive position of the whole trust and loan industry. It is of particular concern to our Companies because it delays the transfer of additional assets to Guaranty Trust and denies our shareholders the improved earnings which would follow this action.

As a major lender of mortgage funds to the Canadian housing industry over a long period of time, we were deeply concerned by two government initiatives which could eliminate any financial return on mortgage investments. The first was the pressure exerted by the federal government on financial institutions to reduce mortgage interest rates, which could have the effect of narrowing or eliminating the interest rate spread between loan interest earned and interest paid to depositors. Secondly, the actions of the Saskatchewan government with respect to postponing mortgage defaults and limiting renewal rates may likewise severely impact the profitability of mortgage investments.

It is somewhat ironic that we have the opposite problem of holding long term NHA mortgages with low yields which mortgagors do not wish to give up despite the offer of bonuses, discounts and other options.

In looking ahead to 1982, it is virtually impossible to forecast the Canadian economy with any degree of certainty. Your Corporation is expected to operate profitably in 1982 providing the average cost of funds for the year reflects the average rate of interest in effect at the beginning of 1982.

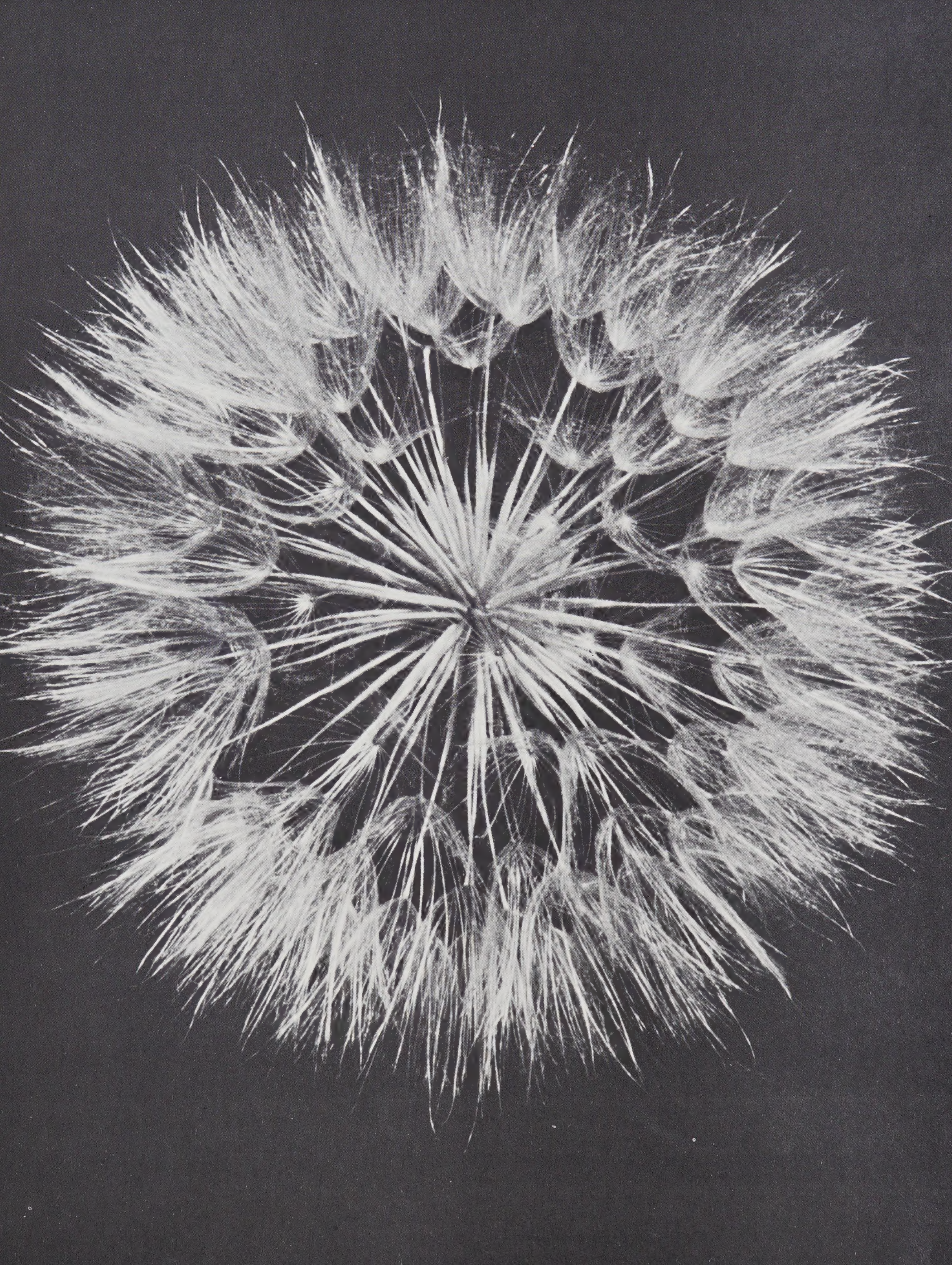
We shall continue to transfer further consumer and commercial loans from Traders Group Limited to Guaranty Trust as the Trust Act and time permits.

The relationship between Traders and Guaranty Trust provides a unique mechanism whereby Traders can continue to provide capital to Guaranty Trust to support its growth and Guaranty Trust can buy business from Traders so as to maintain its trust indenture ratios and provide lower cost funds.

Frederic Y. McCutcheon has been named to the Board of Directors. Mr. McCutcheon is President of Arachnae Management Limited and I welcome his valuable contribution.

I thank the Board of Directors for their continued counsel and support as well as all the management and staff for their dedication, skills and hard work during 1981.

Alan R. Marchment
Chairman of the Board and
Chief Executive Officer



Guaranty Trust Company of Canada

HIGHLIGHTS

The overall financial condition of Guaranty Trust remained strong in 1981 in spite of the adverse conditions imposed by unacceptably high inflation and interest rates which were unprecedented in their volatility and high average level. These factors unfavourably affected the profitability of the Company and as a result, only a modest operating profit was achieved in 1981. Net income from sales of investments, together with the net income earned by the Company's real estate subsidiary, Guaranty Properties Limited, resulted in a final net profit of $3,390,000 or 23 cents per share compared with $8,343,000 or 76 cents per share for the preceding year. Common dividends of 16 cents per share were paid in 1981.

Total assets under administration rose by $651,238,000 or 16 percent in 1981 to $4,723,232,000 at December 31, 1981. Of this increase, $335,554,000 was attributable to growth in the Company's assets and $315,684,000 to estate, trust and agency assets administered by the Company.

Guaranty Properties Limited, a fully integrated real estate company, was acquired by Guaranty Trust from Traders Group Limited on December 31, 1981 at book value for common shares of $12,471,000. For accounting purposes, the transaction is treated as a pooling of interests. Accordingly, Guaranty Properties' earnings, assets and liabilities have been added to those of the Company for 1981, and 1980 figures have been restated to reflect their inclusion.

To support its deposit growth, the Company issued $15,000,000 of common share capital to its parent, Traders Group Limited, during 1981.

SELECTED FINANCIAL DATA AND RATIOS	1981	1980	Increase/(Decrease) Amount	%
Earnings				
Net interest and other operating income	**$ 59,337,000**	$ 53,367,000	$ 5,970,000	11
Net operating income	**$ 46,000**	$ 4,604,000	$ (4,588,000)	(99)
Net income	**$ 3,390,000**	$ 8,343,000	$ (4,953,000)	(59)
Per share data				
Net operating income	**$0.06**	$0.75	$(0.69)	(92)
Net income	**$0.23**	$0.76	$(0.53)	(70)
Cash dividends paid	**$0.16**	$0.16	—	—
Financial position				
Total assets of Company	**$2,549,983,000**	$2,240,427,000	$309,556,000	14
Deposits	**$2,340,704,000**	$2,065,919,000	$274,785,000	13
Shareholders' equity	**$ 118,023,000**	$ 102,410,000	$ 15,613,000	15
Financial ratios				
Net interest income	**1.29%**	1.80%	(.51)	(28)
Return on total assets	**.10%**	.34%	(.24)	(71)
Total assets to equity	**24.41**	25.34	(.93)	(4)
Return on common equity	**2.37%**	8.33%	(5.96)	(72)
Common dividend payout	**59.85%**	17.56%	42.29	241

NET INTEREST INCOME	1981	1980	Increase/(Decrease) Amount	%
Interest income	**$304,989,000**	$227,734,000	$77,255,000	34
Interest expense	**275,800,000**	196,637,000	79,163,000	40
Net interest income	**29,189,000**	31,097,000	(1,908,000)	(6)
Taxable equivalent adjustment	**1,775,000**	6,675,000	(4,900,000)	(73)
Net interest income (TE)	**$ 30,964,000**	$ 37,772,000	$ (6,808,000)	(18)
Interest rate spread (TE)	**.71%**	1.26%	(.55%)	(44)

NET INTEREST INCOME

Net interest income decreased by 6 percent in 1981 compared with a 27 percent increase in 1980.

The reduction in the taxable equivalent adjustment in 1981 arises from losses for tax purposes exceeding the deferred income tax balance.

The 1981 decline in net interest income was the result of high deposit rates exceeding volume gains. The net interest margin of 0.71 percent was down 55 basis points from 1980. The decline was attributable primarily to higher cost of money in relation to the approximately $286,000,000 of long term mortgages and bonds acquired in the 1960s and earning 7.47 percent on average. Total Company assets were up 14 percent. The table below shows how much of the increase in net interest income was due to increased assets and how much was due to fluctuations in interest rates.

CHANGE IN NET INTEREST INCOME	**1981** vs 1980
Due to increase in earning assets	$ 9,561,000
Due to fluctuating interest rates	(11,469,000)
	$ (1,908,000)

Management Analysis of Financial Operations

(to be read in conjunction with the financial statements on page F6)

FEES AND COMMISSIONS

In keeping with the continuing objective to promote growth in this area, fee and commission income amounted to $30,148,000 in 1981, up $7,878,000 or 35 percent from the year earlier level. This follows a $5,030,000 or 29 percent increase reported for 1980.

The Pension results were most gratifying. The introduction of the Master Trust pension administration and investment performance measurement program in 1981 has resulted in some major Canadian corporations becoming new clients. High stock market volumes and an active takeover environment earlier in 1981 resulted in excellent Transfer Service fee growth. While real estate volumes in the first half of 1981 reached historic high levels in central and western Canada, the slow market in the second half moderated the profitability of this operation for the full year. Continuing growth in self-administered RSP plans and in the number of trusteed RSP plans were the prime factors producing the 30 percent increase in this source of revenue. The introduction of investment dealer RSP plans for individuals in Canada in late 1981 will undoubtedly reduce the number of self-administered plans administered by trust companies. Guaranty Trust is trustee of the plans of four major investment dealers. The profit contribution of Personal Trust operations continues to improve. Higher fees from the successful Canada Savings Bond campaign was the major factor contributing to the 75 percent improvement in "Other fees and commissions".

FEE AND COMMISSION INCOME	1981	1980	Increase Amount	Increase %
Personal trust	**$ 3,836,000**	$ 3,134,000	$ 702,000	22
Investment fund services	**5,654,000**	4,337,000	1,317,000	30
Pension	**1,806,000**	1,400,000	406,000	29
Stock transfer and bond trusteeship	**7,258,000**	4,813,000	2,445,000	51
Other	**2,926,000**	1,673,000	1,253,000	75
	$21,480,000	$15,357,000	$6,123,000	40
Real estate	**8,668,000**	6,913,000	1,755,000	25
	$30,148,000	$22,270,000	$7,878,000	35

CREDIT LOSSES	1981 Net write-off	1981 Change in allowance	1980 Net write-off	1980 Change in allowance
Consumer loans	**$ 668,000**	**$ 535,000**	$488,000	$ 153,000
Corporate loans	**129,000**	**554,000**	51,000	113,000
Sales finance	**266,000**	**56,000**	217,000	(32,000)
Mortgages — residential	**86,000**	**65,000**	7,000	65,000
— commercial	**472,000**	**—**	187,000	42,000
	$1,621,000	**$1,210,000**	$950,000	$ 341,000

OTHER EXPENSE	1981	1980	Increase/(Decrease) Amount	Increase/(Decrease) %
Salaries and benefits	**$28,193,000**	$23,852,000	$4,341,000	18
Real estate commissions paid	**6,365,000**	5,028,000	1,337,000	27
Premises	**7,408,000**	5,990,000	1,418,000	24
Marketing	**2,642,000**	2,432,000	210,000	9
Data processing	**5,669,000**	3,934,000	1,735,000	44
Communications	**3,154,000**	2,874,000	280,000	10
Other	**3,606,000**	5,433,000	(1,827,000)	(34)
	$57,037,000	$49,543,000	$7,494,000	15

PROVISION FOR CREDIT LOSSES

The credit loss expense incurred during the year is a function of the current level of net credit losses plus management's assessment of the appropriate level of the reserve for future losses. In making that assessment, consideration is given to the risks and uncertainties inherent in each loan portfolio including the value of underlying security as well as the economic outlook.

OTHER EXPENSE

Other operating expense in 1981 exhibited a 15 percent increase compared to the prior year. Between 1979 and 1980, the increase had been 27 percent.

Total staff expense increased $4,341,000. This reflects merit and promotion increases as well as personnel moves associated with the transfer of receivables from the Finance Group to Guaranty Trust.

One new Savings branch in Winnipeg was opened in 1981 and two unprofitable branches in Grimsby and Stratford were closed in the year. As well, three branches underwent major renovations. Four real estate branches were closed in 1981.

Data processing costs, including operating costs and amortized systems development costs, continue to rise sharply. This is attributable to the development and implementation of new applications as well as to price increases on existing operating systems. Nineteen eighty-one saw the automation of the last of the Company's systems, including its 27,000 mortgages, and its personal loan and corporate lending portfolios. It is believed the future payback from these

expenditures will be in improved employee productivity and in more effective marketing programs.

Management continues to be very concerned with the effects of inflation on operating expenses. In 1981 the productivity measurement program was expanded in the Company. Profitability measures were implemented and a number of specific cost reduction programs are underway to further improve business unit profitability.

INCOME TAXES

At December 31, 1981, income tax recoveries on the Company's tax loss of $3,100,000, comprised of profit for the year less tax-exempt income, have not been recorded in the accounts due to uncertainty of future earnings. As a result of this and claiming timing differences, the Company has a tax filing loss carry forward position of $16,900,000.

The Company is subject to significant tax burdens at the provincial and municipal levels. In 1981, provincial capital and place of business taxes together with municipal business and property taxes will approximate $1,800,000 compared with $1,600,000 for 1980.

LOAN PORTFOLIO MANAGEMENT

The objectives of loan portfolio management are to ensure that loans are granted on a sound basis and that funds are properly invested for the protection of the depositor and the benefit of the shareholder. Significant management activities include planning portfolio volume and mix including diversification of risk, measuring portfolio performance, setting credit policies and training lending personnel.

Loans contractually past due 60 days or more as to interest or principal, along with the percentage relationship to the respective loan amounts outstanding, were as shown in the table above. The temporary increase in mortgage delinquencies arises from processing difficulties relating to the conversion to the automated mortgage system.

The allowance for credit losses in the major portfolios which management deems necessary to provide for known and possible future losses also can be seen above.

CONTRACTUAL DELINQUENCIES, 60 DAYS OR MORE	1981		1980	
	Amount	**% of O/S**	Amount	% of O/S
Consumer	**$3,594,000**	**1.16**	$3,702,000	1.44
Corporate	**1,641,000**	**0.89**	1,130,000	1.63
Sales finance	**234,000**	**0.42**	468,000	1.10
Mortgage	**3,871,000**	**0.29**	1,489,000	0.11
	$9,340,000	**0.47**	$6,789,000	0.37

ALLOWANCE FOR CREDIT LOSSES	1981		1980	
	Amount	**% of O/S**	Amount	% of O/S
Consumer	**$2,010,000**	**0.62**	$1,400,000	0.52
Corporate	**1,922,000**	**0.98**	1,246,000	1.28
Sales finance	**980,000**	**0.86**	924,000	1.05
Mortgage	**221,000**	**0.01**	156,000	0.01
	$5,133,000	**0.26**	$3,726,000	0.20

ASSET AND LIABILITY MIX

Some significant changes occurred in the Company's asset and liability mix in 1981, partly from the impact of volatile, high interest on customer savings patterns and partly from management's continuing policy of diversifying the Company's asset portfolios.

During the second and third quarters, depositors moved dramatically to 30 to 90 day deposits away from the more traditional five year term deposits. Seventy-five percent of new term deposit funds were of one year maturity compared with the historical performance where 50 percent of new term deposits were for a five year term. As a result, the Company no longer offered five year mortgages, and most new lending (other than consumer loans) was done on a one year maturity or less basis, or at floating rates.

ASSET AND LIABILITY MIX ($000's omitted)	1981		1980		Change	
	Amount	**%**	Amount	%	Amount	%
Cash and securities	**$ 524,970**	**21**	$ 392,940	18	$132,030	34
Consumer loans	**322,534**	**13**	266,945	12	55,589	21
Mortgages—residential	**1,157,653**	**45**	1,170,170	52	(12,517)	(1)
—commercial	**197,827**	**8**	194,028	9	3,799	2
Corporate loans	**194,964**	**8**	96,388	4	98,576	102
Sales finance loans	**113,223**	**4**	86,683	4	26,540	31
Other	**38,812**	**1**	33,273	1	5,539	17
	$2,549,983	**100**	$2,240,427	100	$309,556	14
Demand deposits	**$ 623,000**	**24**	$ 570,553	26	$ 52,447	9
Time deposits	**316,610**	**12**	186,589	8	130,021	70
Term deposits	**1,401,094**	**55**	1,308,777	58	92,317	7
Other liabilities	**91,256**	**4**	72,098	3	19,158	27
Equity	**118,023**	**5**	102,410	5	15,613	15
	$2,549,983	**100**	$2,240,427	100	$309,556	14

MATURITIES ($ Millions)	On demand and within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years	Other	Total
Assets								
Cash and bank deposit receipts	$ 351	$ —	$ —	$ —	$ —	$ —	$ 34	$ 385
Securities	26	20	2	2	—	37	25	112
Mortgages	435	239	289	138	18	237	—	1,356
Other loans	402	116	88	28	2	—	—	636
Other assets	—	—	—	—	—	—	61	61
	$1,214	$375	$379	$168	$ 20	$274	$120	$2,550
Liabilities and equity								
Savings and chequing accounts	$ 623	$ —	$ —	$ —	$ —	$ —	$ —	$ 623
Time deposits	317	—	—	—	—	—	—	317
Guaranteed investment certificates	674	322	236	128	41	—	—	1,401
Other liabilities and equity	—	—	—	—	—	—	209	209
	$1,614	$322	$236	$128	$ 41	$ —	$209	$2,550
Difference at December 31, 1981	$ (400)	$ 53	$143	$ 40	$ (21)	$274	$ (89)	$ —
Difference at December 31, 1980	$ (446)	$ 66	$ 6	$ 96	$ 57	$298	$ (77)	$ —

INTEREST RATE SENSITIVITY MANAGEMENT

The objective of interest sensitivity management is to maintain a reasonably stable growth of net interest income with an appropriate balance between stability of income and the risks associated with maximizing income through interest sensitivity imbalances. In 1981, the average term of the asset portfolios was shortened so that at December 31, 1981, 48 percent of the portfolios were on an interest-sensitive basis or will mature in one year, compared with 35 percent a year earlier.

The long term mortgage and bond portfolio was reduced by $24,000,000 in 1981 to $274,000,000 at year end.

These long term assets will be reduced by approximately $40,000,000 in 1982 as a result of maturities and amortization payments.

LIQUIDITY MANAGEMENT

The Company is required to provide liquid assets in the amount of 20 percent of its demand deposits and term deposits due within 100 days. The actual liquid assets maintained at December 31, 1981 were 35 percent. It is the Company's policy to operate its money market operations on a back-to-back basis; that is, the money market assets equate to the time deposit liabilities in amount and maturities.

CAPITAL AND DIVIDENDS

The Company's authorized common share capital was increased by 15 million shares to 25 million shares in December, 1981.

Total shareholders' equity increased $15,613,000 or 15 percent to $118,023,000 at year-end. In 1981, the Trust Company issued 3,433,855 common shares for $27,471,000 to its parent. Of this, $15,000,000 was for cash consideration and $12,471,000 was for the purchase of 100% of the common shares of Guaranty Properties Limited from Traders at book value. These transactions have provided Guaranty Trust Company with sufficient equity to meet normal growth requirements and further asset transfers from Traders Group Limited in 1982.

Guaranty Properties Limited

Management Analysis of Financial Operations

(to be read in conjunction with the financial statements on page F7)

HIGHLIGHTS

Guaranty Properties Limited is an integrated real estate company comprising land development, income properties, real estate sales and property management operations. For accounting and reporting purposes only, the financial results of the last two operations continue to be reflected in the financial statements of Guaranty Trust Company.

Although the land development operations started the year at a vigorous level of activity, high interest rates clearly slowed the pace of land sales in the second half of 1981 and caused significant write-downs of inventory values in certain properties to achieve required rates of return.

ANALYSIS AND COMMENTS

A brief analysis of the Company's operations appears in the "Review" chart, top right.

Land sales in 1981 of $17,977,000 were $2,416,000 or 16 percent ahead of 1980 levels. Sales in the Company's Britannia Industrial Park in Mississauga, Ontario and residential sales in Edmonton, Alberta accounted for a majority of the volume.

The Company's policy generally is to develop its properties when municipal approvals are in place, to market them when market conditions warrant and to earn a minimum return of 10 percent on its investments. In calculating future cash flows on certain properties using average 1981 interest rates, it became apparent that at these interest rate levels, the Company would not achieve its required rate of return. Accordingly, it wrote down its investment in certain properties by $1,475,000 in 1981.

During 1981, the Company acquired 1,958 acres of land in Orlando, Florida. This land will be developed over a period of years into a residential community for permanent residents. As well, the Company acquired through joint ventures, 109 acres of land in Pickering, Ontario, and 88 acres of land in Ottawa, Ontario.

At December 31, 1981, the Company's land holdings were as listed in the table below.

The Company's condominium project at 360 Bloor Street East in Toronto will be successfully completed in the first half of 1982. The sale of the Victoria Trail shopping centre in Edmonton, Alberta will close in the first quarter of 1982. The Mississauga project is proceeding satisfactorily.

The Company purchased the property on Charles Street behind its Toronto Head Office in 1981 for future development.

REVIEW OF OPERATIONS	1981	1980	Increase/(Decrease) Amount	%
Land sales	**$17,977,000**	$15,561,000	$ 2,416,000	16
Cost of sales	**12,943,000**	6,824,000	6,119,000	90
Interest expense	**2,479,000**	1,796,000	683,000	38
Other income	**2,651,000**	1,933,000	718,000	37
Operating expenses	**1,621,000**	1,476,000	145,000	10
Income taxes	**1,953,000**	3,791,000	(1,838,000)	(48)
Net income	**1,632,000**	3,607,000	(1,975,000)	(55)

LAND HOLDINGS	# Acres	Book Value
Metro Toronto area, Ontario	2,157	$ 80,047,000
Edmonton, Alberta	1,028	26,213,000
Orlando, Florida	1,958	6,801,000
Other (Ontario & Quebec)	142	613,000
	5,285	$113,674,000

Management Analysis of Financial Operations

(to be read in conjunction with the financial statements on page F8)

HIGHLIGHTS

The overall financial condition of the Finance Group comprising the consumer, commercial and factoring operations of Traders Group Limited and its finance subsidiaries remained healthy. Net income before non-recurring losses and the equity share of the net income of non-finance subsidiaries remained at the same level as in the preceding year, notwithstanding the profit impact of the asset transfers in 1980 and 1981.

Continuing efforts to improve the profitability of the consumer lending operations resulted in the closing of 39 branches in 1981 bringing the total to 181 at year-end.

The Corporation's investment in its factoring subsidiary was written down to a nominal value in 1981 as a result of continuing high losses from commercial lending operations which have been discontinued.

The operations of each of the Companies' non-finance subsidiaries were adversely affected by inflation and high interest rates.

NET INTEREST INCOME

Net interest income decreased 7 percent in 1981 compared with a 10 percent decrease in 1980.

The decline in net interest income was the result of lower outstandings which were only partially offset by higher rates. The net interest rate spread of 7.36 percent was up 95 basis points from 1980. Average funds in use were down 15 percent, reflecting the transfer of $46,241,000 of residential mortgages and other loans to Guaranty Trust in 1981, the rewriting on maturity of qualified commercial loans in Guaranty Trust and the winding down of Aetna's operations.

SELECTED FINANCIAL DATA AND RATIOS	1981	1980	Increase/(Decrease) Amount	%
Earnings				
Net interest income	**$ 52,204,000**	$ 56,231,000	$ (4,027,00)	(7)
Credit losses	**6,948,000**	13,177,000	(6,229,000)	(47)
Net income—finance group	**1,034,000**	(577,000)	1,611,000	279
Net income—consolidated	**2,665,000**	9,740,000	(7,075,000)	(73)
Per share data				
Net income—finance group	**0.20**	(0.11)	0.31	282
Net income—consolidated	**0.02**	1.40	(1.38)	(99)
Cash dividends paid	**1.03¾**	1.25	(0.21¼)	(17)
Financial position				
Total assets	**818,157,000**	985,673,000	(167,516,000)	(17)
Total debt	**521,937,000**	650,607,000	(128,670,000)	(20)
Shareholders equity	**149,670,000**	155,512,000	(5,842,000)	(4)
Financial ratios				
Net operating income to gross income	**1.24%**	0.07%	1.17	—
Credit losses to gross income	**5.54%**	9.59%	(4.05)	(42)
Total assets to equity	**7.02**	8.10	(1.08)	(13)
Return on average common equity	**0.10%**	5.89%	(5.79)	(98)

NET INTEREST INCOME	1981	1980	(Decrease) Amount	%
Gross income	**$125,505,000**	$137,380,000	$(11,875,000)	(9)
Interest expense	**73,301,000**	81,149,000	(7,848,000)	(10)
Net interest income	**52,204,000**	56,231,000	(4,027,000)	(7)

CREDIT LOSSES	1981 Net Write-off	1981 Change in Allowance	1980 Net Write-off	1980 Change in Allowance
Consumer	**$8,634,000**	**$ (91,000)**	$ 7,845,000	$ 480,000
Commercial	**937,000**	**(942,000)**	63,000	496,000
Factoring	**—**	**—**	9,600,000	(5,307,000)
Other	**373,000**	**(1,963,000)**	—	—
	$9,944,000	**$(2,996,000)**	$17,508,000	$(4,331,000)

The table below shows the net change due to increased rates and due to lower volumes.

CHANGE IN NET INTEREST INCOME	**1981** vs 1980
Due to higher interest rates	$ 5,645,000
Due to lower outstandings	(9,672,000)
	$ (4,027,000)

PROVISION FOR CREDIT LOSSES

Credit losses in 1981 from consumer and commercial lending operations were somewhat higher than in 1980, primarily in the revolving credit operations which are being liquidated.

Because the Corporation wrote down its investment in its factoring

subsidiary in 1981, the income and expense accounts of the subsidiary are not consolidated with those of the parent in 1981.

OTHER EXPENSE

Other operating expenses in 1981 were one percent lower than in the preceding year. In addition to the decline due to the change in accounting for the factoring subsidiary, this decrease reflects the reduction in the number of branches and staff from the consolidation of the branch network as well as the transfer of operating costs to Guaranty Trust as commercial and consumer loans are transferred to that Company.

At year-end 1981, the staff numbered 1,116 compared with 1,245 a year earlier.

The number of branches was reduced to 181 at year-end, reflecting the closing of 39 marginally profitable branches. Heavy competition for profitable new business resulted in an increase in marketing costs, primarily commissions, in 1981.

Continuing concern with operating efficiency will produce further rationalization of the consumer lending branch structure in 1982.

INCOME TAXES

The Corporation continues to be in a non-taxable income position as a result of taxable losses of prior years being offset against the excess of current taxable income arising from lease income exceeding claimable capital cost allowances.

The Corporation paid provincial and municipal taxes of $1,477,000 in 1981 compared with $1,424,000 for 1980.

LOAN PORTFOLIO MANAGEMENT

Average funds in use in all portfolios declined in 1981 as loans were either transferred to, or were re-written on maturity in, Guaranty Trust. Loans past due as to interest or principal, along with the percentage relationship to the respective loan amounts outstanding were as shown on the centre table, below.

The allowance for credit losses in the two major portfolios, which management believes is necessary to provide for known and possible future losses, is shown on the table below.

OTHER EXPENSE	1981	1980	Increase/(Decrease) Amount	%
Salaries and benefits	**$20,672,000**	$22,670,000	$(1,998,000)	(9)
Premises	**3,001,000**	4,182,000	(1,181,000)	(28)
Other	**17,757,000**	15,032,000	2,725,000	18
	$41,430,000	$41,884,000	$ (454,000)	(1)

DELINQUENCIES 60 DAYS OR MORE	1981 Amount	1981 % of O/S	1980 Amount	1980 % of O/S
Contractual				
Consumer	**$30,519,000**	**7.11**	$29,614,000	6.00
Commercial	**2,403,000**	**1.36**	4,556,000	1.74
	$32,922,000	**5.44**	$34,170,000	4.52
Recency				
Direct cash loans	**$10,900,000**	**4.66**	$11,598,000	4.71

ALLOWANCE FOR CREDIT LOSSES	1981 Amount	1981 % of O/S	1980 Amount	1980 % of O/S
Consumer	**$13,818,000**	**3.37**	$14,060,000	3.02
Commercial	**2,713,000**	**1.28**	3,771,000	1.20
Factoring	**1,775,000**	**4.51**	4,641,000	8.23
Other	**1,753,000**	**9.55**	3,255,000	17.29
	$20,059,000	**2.93**	$25,727,000	2.98

ASSET AND LIABILITY MIX

The table at right sets out the asset and liability mix in 1981. The figures reflect management's policy of transferring the maximum amount of qualified business to Guaranty Trust to take advantage of that Company's lower cost of deposit funds and higher financial leverage and of reducing volume of marginally profitable loans.

The Corporation more than adequately meets its Trust Indenture requirements, including borrowing capacity: 274% versus 350% maximum; asset security in relation to debt: 128% versus 112.5% required and short term coverage: 156% versus 100% required. In 1981, the Corporation repaid the short term subordinated notes to its bankers, thereby reducing its debt costs.

INTEREST RATE MATURITY AND LIQUIDITY MANAGEMENT

Because the Corporation's policy is to continue to transfer qualified assets to the Trust Company, it has not sought any long term funds since 1978. As a result, it is continually shortening the term of its debt. To ensure a prudent relationship of short term debt to long term debt, and to maintain an adequate liquidity position, the Corporation periodically makes bulk transfers of assets at market value to the Trust Company.

ASSET AND LIABILITY MIX	1981		1980		Change	
($000's omitted)	**Amount**	**%**	Amount	%	Amount	%
Cash and securities	**$ 5,146**	**—**	$ 8,512	1	$ (3,366)	(2)
Consumer loans	**432,559**	**53**	497,132	50	(64,573)	(39)
Commercial loans	**193,450**	**24**	286,505	29	(93,055)	(55)
Other loans	**57,695**	**7**	81,084	8	(23,389)	(14)
Allowance for credit losses	**(20,059)**	**(3)**	(25,727)	(3)	5,668	3
Investment in and advances to subsidiaries	**137,344**	**17**	123,050	13	14,294	9
Other	**12,022**	**2**	15,117	2	(3,095)	(20)
	$818,157	**100**	$985,673	100	$ (167,516)	(17)
Senior secured debt						
Short term	**$155,033**	**19**	$174,481	18	$ (19,448)	(12)
Medium	**30,210**	**4**	96,068	10	(65,858)	(39)
Long	**224,183**	**27**	242,788	24	(18,605)	(8)
Other debt	**112,511**	**14**	137,270	14	(24,759)	(18)
Unearned finance charges	**72,377**	**9**	97,366	10	(24,989)	(15)
Other liabilities	**74,173**	**9**	82,188	8	(8,015)	(5)
Equity	**149,670**	**18**	155,512	16	(5,842)	(4)
	$818,157	**100**	$985,673	100	$ (167,516)	(17)

The maturity of the Corporation's assets and liabilities at December 31, 1981 is set out below.

As a result of further planned asset transfers and continuing liquidation of unprofitable loans, it is expected that short term indebtedness, after paying off maturing long term debt and making sinking fund purchases, will be less than $100,000,000 by 1982 year-end.

CAPITAL AND DIVIDENDS

Total shareholders' equity decreased $5,842,000 or 4 percent to $149,670,000 at year-end 1981. As a result of continuing adverse business conditions and record high interest rates which significantly affect the Corporation's profitability, the Directors reduced the quarterly common share dividend to 10 cents per share, payable January 1, 1982.

MATURITIES* ($ millions) Maturity dates within:	1 year	2 years	3 years	4 years	5 years & over	Total
Assets	$300.0	$165.1	$111.1	$34.6	$ 57.3	$668.1
Liabilities	$255.4	$ 59.2	$ 58.2	$27.8	$121.3	$521.9
Difference at December 31, 1981	$ 44.6	$105.9	$ 52.9	$ 6.8	$ (64.0)	$146.2
Difference at December 31, 1980	$ 75.0	$ 98.2	$ 79.0	$15.6	$ (70.0)	$197.8

*Details on page 20

Canadian General Insurance

HIGHLIGHTS

Growth in premium volume in the general insurance companies was more than offset by significantly higher claims costs. Although premium increases in both the automobile and property/casualty lines were made more than once during the year and the Company's investment income was higher, these were insufficient to offset the impact of inflation on claims costs. Accordingly, the Company incurred a loss on its operations in 1981.

GENERAL INSURANCE OPERATIONS

A summary of the Company's operations by major business lines appears in the table below.

Premium growth was recorded in all lines of business in 1981. In particular, significant growth was achieved in our reinsurance business.

Automobile insurance premiums were increased from 7 percent to 45 percent in various Canadian markets during 1981 and property and casualty premiums by 8 to 15 percent. Nevertheless, these premium increases were insufficient to offset the underwriting losses which, in total, increased 90 percent, the largest being in the automobile line. It is quite clear that the primary causes of the increased claims losses were the underpriced market and the impact of inflation on repair costs. A number of steps have been taken to reduce our exposure to claims losses including adjustments to our reinsurance program as well as continuing re-underwriting and agency review.

Continuing high interest rates resulted in an improvement in the Company's investment income of $1,358,000 or 14 percent reflecting an improvement in yield of 165 basis points to 10.7 percent.

Careful control was maintained over operating costs in 1981. General and administrative costs rose only 7 percent compared with a 14 percent increase in total income.

OPERATIONS SUMMARY
($000's omitted)

	Auto		Property & Casualty		Total	
	1981	1980	**1981**	1980	**1981**	1980
Net written premiums	**$ 56,115**	$ 48,011	**$ 48,136**	$ 38,410	**$104,251**	$ 86,421
Policies in force	**144,143**	136,668	**162,455**	173,919	**306,598**	310,587
Net premiums earned	**$ 52,400**	$ 48,618	**$ 46,293**	$ 37,357	**$ 98,693**	$ 85,975
Claims expenses	**52,534**	42,336	**32,890**	24,989	**85,424**	67,325
Commission & premium taxes	**7,613**	7,350	**10,335**	8,419	**17,948**	15,769
Other expenses	**6,968**	5,790	**6,078**	6,582	**13,046**	12,372
Underwriting loss	**$(14,715)**	$ (6,858)	**$ (3,010)**	$ (2,633)	**(17,725)**	(9,491)
Investment income and other					**11,429**	10,213
Income taxes recovery					**(4,721)**	(691)
Net income (loss) for the year					**$ (1,575)**	$ 1,413
Underwriting loss ratio	**28.1**	14.0	**6.6**	6.8	**18.0**	10.8

LIFE INSURANCE OPERATIONS

The operations of the life insurance companies by major business line is summarized on the table below.

Early in 1981 the Company introduced the non-smokers' life insurance policies. This new product was a runaway success and since inception the Company has written 9,764 of these policies. All non-smokers' policies are reinsured for amounts in excess of $50,000. Progress was also achieved in other business lines which reported an increase in net premiums written of 8 percent.

The large increase in new volumes resulted in a sharp increase in operating costs as the Company added significant staff resources and a new computerized insurance process.

Changes in the mix of business between smokers and non-smokers resulted in additional reserve requirements which are reflected in 1981 claims costs.

Investment income of $3,723,000 (excluding capital gains) was 17 percent higher than the preceding year reflecting both a larger investment portfolio and improved yields.

OPERATIONS SUMMARY
($000's omitted)

	Life		Accident & Health		Total	
	1981	1980	**1981**	1980	**1981**	1980
Net written premiums	**$ 5,179**	$5,182	**$8,930**	$8,249	**$14,109**	$13,431
Policies in force	**12,834**	4,664	**—**	—	**12,834**	4,664
Net premiums earned	**$ 5,179**	$ 5,182	**$ 9,743**	$ 7,918	**$14,922**	$13,100
Claims costs	**7,752**	4,503	**8,383**	7,397	**16,135**	11,900
Commission & premium taxes	**(1,420)**	739	**1,847**	1,490	**427**	2,229
Other expenses	**1,400**	729	**1,054**	691	**2,454**	1,420
Underwriting loss	**(2,553)**	(789)	**(1,541)**	(1,660)	**(4,094)**	(2,449)
Investment income and other	**1,002**	1,057	**3,005**	3,172	**4,007**	4,229
Income taxes	**(1,370)**	(191)	**450**	641	**(920)**	450
Net income (loss) before minority interest	**$ (181)**	$ 459	**$1,014**	$ 871	**833**	1,330
Minority interest					**16**	37
Net income for the year					**$ 817**	$ 1,293

Consolidated Statement of Income

Year ended December 31	1981	1980
Gross income		
Trust company loan, investment and fee income	**$335,137,000**	$250,004,000
Land sales and other income	**20,628,000**	17,494,000
Finance charges and related income	**125,505,000**	137,380,000
Insurance premiums and investment income	**128,540,000**	112,088,000
Gain on sale of investments	**2,223,000**	1,561,000
	612,033,000	518,527,000
Expenses		
Interest expense—trust and property	**278,279,000**	198,433,000
—finance	**73,301,000**	81,149,000
	351,580,000	279,582,000
Cost of land sales (including write-down of land inventory)	**12,943,000**	6,824,000
Insurance claims	**101,559,000**	79,225,000
Insurance commissions and premium taxes	**18,375,000**	17,998,000
Credit losses	**9,779,000**	14,468,000
Salaries and staff benefits	**58,915,000**	55,467,000
Premises including depreciation	**12,093,000**	11,751,000
Other expenses	**44,580,000**	39,477,000
	609,824,000	504,792,000
Income before income taxes and minority interest	**2,209,000**	13,735,000
Income taxes—current	**1,816,000**	1,654,000
—deferred	**(3,815,000)**	901,000
	(1,999,000)	2,555,000
Net operating income	**4,208,000**	11,180,000
Minority interest and consolidation adjustments	**1,017,000**	426,000
Net operating income from continuing operations	**3,191,000**	11,606,000
Loss from discontinued operation	**—**	1,866,000
Write-down of investment in and loans to factoring subsidiary (Note 5)	**(526,000)**	—
Net income for the year	**$ 2,665,000**	$ 9,740,000
Available for		
Preferred shares	**$ 2,545,000**	$ 2,588,000
Common shares	**120,000**	7,152,000
	$ 2,665,000	$ 9,740,000
Earnings (loss) per common share—continuing operations	**$0.12**	$1.76
—discontinued operation	**—**	(.36)
—write-down of investment in and loans to factoring subsidiary	**(0.10)**	—
	$0.02	$1.40
Weighted average number of common shares outstanding after inter-corporate elimination	**5,069,000**	5,122,000

December 31	1981	1980
Assets		
Trust		
Cash and securities	$ 524,970,000	$ 392,940,000
Loans	1,986,201,000	1,814,214,000
	2,511,171,000	2,207,154,000
Guaranty Properties		
Cash and mortgages receivable	23,569,000	22,863,000
Real estate	122,133,000	94,833,000
	145,702,000	117,696,000
Finance		
Cash and money market instruments	5,146,000	8,512,000
Receivables	663,645,000	838,994,000
	668,791,000	847,506,000
Insurance		
Cash and investments	151,167,000	143,360,000
Premiums receivable and deferred acquisition costs	31,174,000	24,498,000
	182,341,000	167,858,000
Other		
Investments in associated corporations and other investments	3,624,000	3,629,000
Fixed assets	18,201,000	17,073,000
Miscellaneous assets	39,044,000	32,827,000
	$3,568,874,000	$3,393,743,000

Auditors' Report

To the Shareholders of Traders Group Limited:

We have examined the consolidated balance sheet of Traders Group Limited as at December 31, 1981 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances

In our opinion, these consolidated financial statements present fairly the financial position of the corporation as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, January 28, 1982.

PRICE WATERHOUSE
Chartered Accountants

Consolidated Balance Sheet

December 31	1981	1980
Liabilities		
Trust		
Savings and chequing accounts	**$ 623,000,000**	$ 570,553,000
Time deposits	**316,610,000**	186,589,000
Guaranteed investment certificates	**1,401,094,000**	1,308,777,000
	2,340,704,000	2,065,919,000
Guaranty Properties		
Bank loans and mortgages payable	**102,421,000**	74,676,000
Finance		
Debt (Note 2)	**521,937,000**	650,607,000
Unearned finance charges	**72,377,000**	97,366,000
	594,314,000	747,973,000
Insurance		
Claims in course of settlement	**90,539,000**	76,397,000
Unearned premiums	**49,491,000**	44,020,000
	140,030,000	120,417,000
Other		
Accounts payable and accrued expenses	**187,034,000**	163,078,000
Deferred income taxes	**39,858,000**	47,956,000
Minority interest (including Trust company preference shares)	**14,843,000**	18,212,000
Shareholders' equity (Note 2)		
Preferred shares	**33,144,000**	33,789,000
Common shares	**64,465,000**	64,465,000
	97,609,000	98,254,000
Retained earnings	**80,898,000**	85,659,000
	178,507,000	183,913,000
Elimination of inter-corporate holdings	**(28,837,000)**	(28,401,000)
	149,670,000	155,512,000
	$3,568,874,000	$3,393,743,000

The accompanying notes form an integral part of the consolidated financial statements.

Approved by the Board:

A. R. Marchment, Director

I. R. Gerstein, Director

Consolidated Statement of Retained Earnings

Year ended December 31	1981	1980
Balance at beginning of year	**$ 85,659,000**	$ 84,859,000
Adjustment arising during the year—		
Change in holdings in subsidiaries	**(40,000)**	8,000
Amortization of cost of issuing preferred shares, net of gain on redemption	**416,000**	44,000
	86,035,000	84,911,000
Net income for the year	**2,665,000**	9,740,000
Less dividends on preferred shares		
4½%	**136,000**	136,000
5%	**58,000**	58,000
5%, Series A	**65,000**	66,000
$2.16 Series B	**408,000**	413,000
10¼%	**747,000**	768,000
7.5%	**1,131,000**	1,147,000
	2,545,000	2,588,000
Earnings available for common shares	**120,000**	7,152,000
Less dividends on common shares, net of inter-corporate holdings (1981—$1.03¾; 1980—$1.25 per share)	**5,257,000**	6,404,000
Earnings retained for the year	**(5,137,000)**	748,000
Balance at end of year	**$ 80,898,000**	$ 85,659,000

Consolidated Statement of Changes in Financial Position

Year ended December 31	1981	1980
Funds provided by:		
Operations:		
Net income	**$ 2,665,000**	$ 9,740,000
Add non cash items:		
Depreciation and amortization	**2,450,000**	1,818,000
Deferred income taxes	**(8,098,000)**	901,000
	(2,983,000)	12,459,000
Proceeds from issue and redemption of shares of the Corporation	**(645,000)**	(273,000)
Net increase (decrease) in:		
Trust company deposits	**274,785,000**	269,937,000
Guaranty Properties debt	**27,745,000**	16,440,000
Finance debt	**(128,670,000)**	(113,629,000)
Insurance claims in course of settlement	**14,142,000**	7,965,000
Unearned insurance premiums	**5,471,000**	(2,244,000)
Other	**14,315,000**	2,403,000
	$204,160,000	$193,058,000
Funds applied to:		
Dividends	**$ 7,802,000**	$ 8,992,000
Addition to fixed assets	**3,578,000**	2,879,000
Net increase (decrease) in:		
Trust company cash, loans and securities	**304,017,000**	278,506,000
Guaranty Properties cash, mortgages and real estate	**28,006,000**	27,167,000
Finance cash and receivables, net of unearned finance charges	**(153,726,000)**	(132,503,000)
Insurance cash, investments and other	**14,483,000**	8,017,000
	$204,160,000	$193,058,000

Guaranty Trust Company

Statement of Income
Year ended December 31

	1981	1980
Gross income		
Interest from mortgage and other loans	**$ 246,603,000**	$ 190,304,000
Interest and dividends from securities and bank deposit receipts	**58,386,000**	37,430,000
Real estate fees and commissions	**8,668,000**	6,913,000
Other fees and commissions	**21,480,000**	15,357,000
	335,137,000	250,004,000
Expenses		
Interest on deposits	**275,800,000**	196,637,000
Credit losses	**2,831,000**	1,291,000
Salaries and staff benefits	**28,193,000**	23,852,000
Real estate commissions paid	**6,365,000**	5,028,000
Premises including depreciation and amortization	**7,408,000**	5,990,000
Other expenses	**15,071,000**	14,673,000
	335,668,000	247,471,000
Income (loss) before income taxes	**(531,000)**	2,533,000
Income taxes deferred	**(577,000)**	(2,071,000)
Net operating income	**46,000**	4,604,000
Net gain on investments, less applicable income taxes	**1,712,000**	132,000
Equity share of net income of Guaranty Properties Limited	**1,632,000**	3,607,000
Net income before minority interest	**3,390,000**	8,343,000
Minority interest and consolidation adjustments	**1,001,000**	732,000
Net contribution to Traders	**$ 2,389,000**	$ 7,611,000

Summary Balance Sheet
December 31

	1981	1980
Assets		
Cash and securities		
Cash and bank deposit receipts	**$ 384,912,000**	$ 240,868,000
Securities and loan income due and accrued	**27,198,000**	22,210,000
Securities (Note 9)	**112,860,000**	129,862,000
	524,970,000	392,940,000
Loans		
Consumer	**322,534,000**	266,945,000
Mortgages, residential	**1,157,653,000**	1,170,170,000
Mortgages, commercial	**197,827,000**	194,028,000
Corporate	**194,964,000**	96,388,000
Sales finance	**113,223,000**	86,683,000
	1,986,201,000	1,814,214,000
Other		
Investment in subsidiary, Guaranty Properties Limited (Note 4)	**12,471,000**	10,839,000
Fixed assets	**6,573,000**	5,823,000
Miscellaneous assets	**19,768,000**	16,611,000
	$2,549,983,000	$2,240,427,000
Liabilities		
Deposits		
Savings and chequing accounts	**$ 623,000,000**	$ 570,553,000
Time deposits	**316,610,000**	186,589,000
Guaranteed investment certificates	**1,401,094,000**	1,308,777,000
	2,340,704,000	2,065,919,000
Other		
Interest accrued	**52,097,000**	36,246,000
Accounts payable	**31,758,000**	30,031,000
Unearned finance charges	**7,401,000**	5,244,000
Deferred income taxes	**—**	577,000
Minority interest (primarily preference shares)	**14,158,000**	14,889,000
Traders investment, at equity value	**103,865,000**	87,521,000
	$2,549,983,000	$2,240,427,000

Traders Group Limited

Financial Information of Subsidiaries

Guaranty Properties*

Statement of Income
Year ended December 31

Gross income	1981	1980
Sales	**$ 17,977,000**	$ 15,561,000
Other	**2,651,000**	1,933,000
	20,628,000	17,494,000
Expenses		
Cost of sales	**11,468,000**	6,824,000
Write-down of land inventory	**1,475,000**	—
Interest expense	**2,479,000**	1,796,000
Salaries and staff benefits	**918,000**	825,000
Premises including depreciation	**199,000**	219,000
Other expenses	**504,000**	432,000
	17,043,000	10,096,000
Income before income taxes	**3,585,000**	7,398,000
Income taxes—current	**1,804,000**	1,347,000
—deferred	**149,000**	2,444,000
	1,953,000	3,791,000
Net contribution to Guaranty Trust	**$ 1,632,000**	$ 3,607,000

Summary Balance Sheet
December 31

Assets	1981	1980
Cash	**$ 3,218,000**	$ 875,000
Mortgages receivable and other secured receivables	**20,351,000**	21,988,000
Real estate		
Land inventory	**113,674,000**	90,411,000
Residential buildings under construction	**6,932,000**	2,884,000
Income producing property	**1,527,000**	1,538,000
	122,133,000	94,833,000
Other		
Fixed assets	**306,000**	90,000
Miscellaneous assets	**2,631,000**	3,223,000
	$148,639,000	$121,009,000
Liabilities		
Debt**		
Bank loans	**$ 94,613,000**	$ 70,246,000
Mortgages payable	**7,808,000**	4,430,000
	102,421,000	74,676,000
Other		
Accounts payable and accrued expenses	**17,326,000**	19,650,000
Advance from associated corporations	**6,525,000**	5,730,000
Deferred income taxes	**9,896,000**	10,114,000
Guaranty Trust investment, at equity value	**12,471,000**	10,839,000
	$148,639,000	$121,009,000

*Consists of Guaranty Properties Limited and the following subsidiaries and joint ventures:

Guaranty Properties (U.S.) Inc

Guaranty Properties (Florida) Inc

Albion Road Estates Limited

Traders Associates

Verity Investments Limited

Apple Creek Business Park

360 Bloor Street East

**Bears interest from 9% to prime plus ¾% and matures from 1982 to 1987.

Traders Group Limited

Financial Information of Subsidiaries

Finance Group*

Statement of Income

Year ended December 31

	1981	1980
Gross income		
Consumer	$ 89,679,000	$ 85,601,000
Commercial	34,558,000	39,610,000
Factoring	—	11,193,000
Other	1,268,000	976,000
	125,505,000	137,380,000
Expenses		
Interest expense—		
Secured debt		
Short term	33,002,000	30,053,000
Medium and long term	27,754,000	35,143,000
Unsecured debt	10,948,000	14,321,000
Other borrowing costs	1,597,000	1,632,000
	73,301,000	81,149,000
Credit losses	6,948,000	13,177,000
Salaries and staff benefits	20,672,000	22,670,000
Premises including depreciation	3,001,000	4,182,000
Other expenses	17,757,000	15,032,000
	121,679,000	136,210,000
Income before income taxes and minority interest	3,826,000	1,170,000
Income taxes (deferred 1981—$1,994,000; 1980—$573,000)	2,266,000	1,076,000
Net operating income	1,560,000	94,000
Minority interest in loss of finance subsidiary	—	(1,195,000)
Net contribution from continuing operations	1,560,000	1,289,000
Loss from discontinued operation	—	1,866,000
Write-down of investment in and loans to factoring subsidiary (Note 5)	(526,000)	—
Net contribution	1,034,000	(577,000)
Equity share in net income (loss) of non-finance subsidiaries:		
Guaranty Trust Company of Canada	2,389,000	7,611,000
Canadian General Insurance Group	(758,000)	2,706,000
Net income for the year	$ 2,665,000	$ 9,740,000

Summary Balance Sheet

December 31

	1981	1980
Assets		
Cash and money market instruments	$ 5,146,000	$ 8,512,000
Finance receivables (Note 11)		
Consumer	432,559,000	497,132,000
Commercial	193,450,000	286,505,000
Factoring (Note 5)	39,343,000	56,408,000
International	2,737,000	8,372,000
Loans to associated corporations	15,615,000	16,304,000
	683,704,000	864,721,000
Less: Allowance for credit losses	20,059,000	25,727,000
	663,645,000	838,994,000
Investments and advances:		
Investments in non-finance subsidiaries at equity value		
Guaranty Trust Company of Canada	103,865,000	87,521,000
Canadian General Insurance Group	29,855,000	31,900,000
Investment in associated companies and other investments	3,624,000	3,629,000
	137,344,000	123,050,000
Other		
Fixed assets	8,770,000	9,002,000
Miscellaneous assets	3,252,000	6,115,000
	$ 818,157,000	$ 985,673,000
Liabilities		
Debt (Note 2)	$ 521,937,000	$ 650,607,000
Unearned finance charges	72,377,000	97,366,000
Other		
Accounts payable and accrued expenses	41,451,000	45,462,000
Deferred income taxes	32,374,000	33,765,000
Minority interest in finance subsidiaries	348,000	2,961,000
Shareholders' equity	149,670,000	155,512,000
	$ 818,157,000	$ 985,673,000

* Consists of Traders Group Limited and the following consolidated subsidiaries:

Trans Canada Credit Corporation Limited

Trans Canada Credit Realty Limited

Traders Finance Corporation (1966) Limited

Aetna Financial Services Limited

Traders Finance S.A. and subsidiaries

Traders Finance Corporation (1976) Limited

Traders Group Limited
Financial Information of Subsidiaries

Canadian General Insurance Group*

Statement of Income
Year ended December 31

	1981	1980
Gross written premiums	**$158,502,000**	$122,597,000
Reinsurance ceded	**40,142,000**	22,745,000
Net written premiums	**$118,360,000**	$ 99,852,000

Gross income		
Net earned premiums	**$113,615,000**	$ 99,075,000
Investment income	**14,925,000**	13,013,000
	128,540,000	112,088,000
Gain on sale of securities	**511,000**	1,429,000
	129,051,000	113,517,000
Expenses		
Claims	**101,559,000**	79,225,000
Commissions and premium taxes	**18,375,000**	17,998,000
Salaries and staff benefits	**9,132,000**	8,120,000
Premises including depreciation	**1,485,000**	1,360,000
Other expenses	**4,883,000**	4,312,000
	135,434,000	111,015,000
Income (loss) before income taxes	**(6,383,000)**	2,502,000
Income taxes—current	**(260,000)**	(196,000)
—deferred	**(5,381,000)**	(45,000)
	(5,641,000)	(241,000)
Net income (loss) before minority interest	**(742,000)**	2,743,000
Minority interest	**16,000**	37,000
Net contribution to Traders	**$ (758,000)**	$ 2,706,000

Summary Balance Sheet
December 31

Assets	**1981**	1980
Cash and short term investments	**$ 41,275,000**	$ 25,891,000
Bonds (market value 1981—$54,647,000; 1980—$62,341,000)	**60,777,000**	68,319,000
Stocks (market value 1981—$29,643,000; 1980—$32,925,000)	**32,369,000**	29,886,000
Mortgages	**16,746,000**	19,264,000
	151,167,000	143,360,000
Premiums receivable from agents and policyholders	**23,026,000**	18,278,000
Deferred acquisition costs	**8,148,000**	6,220,000
Fixed assets	**2,552,000**	2,158,000
Miscellaneous assets	**13,393,000**	7,072,000
	$198,286,000	$177,088,000

Liabilities		
Claims in course of settlement	**$ 90,539,000**	$ 76,397,000
Unearned insurance premiums	**49,491,000**	44,020,000
Provision for policy obligations	**15,018,000**	11,400,000
Accounts payable and accrued expenses	**15,458,000**	9,509,000
Deferred income taxes	**(2,412,000)**	3,500,000
Minority interest	**337,000**	362,000
Traders investment, at equity value	**29,855,000**	31,900,000
	$198,286,000	$177,088,000

*Includes the following subsidiary companies:

Canadian General Insurance Company

Toronto General Insurance Company

Traders General Insurance Company

Canadian General Life Insurance Company

1. **Summary of accounting policies:**

The summary of accounting policies followed by the Corporation and its subsidiaries as outlined on page F15 is an integral part of these financial statements.

2. **Consolidated capitalization:**

Details of the secured and unsecured debt and capital position are included in the Consolidated Capitalization schedules on pages F12, F13 and F14.

3. **Foreign exchange:**

Debt of the Corporation due beyond one year in foreign currencies is carried at the Canadian funds received at date of issue. The total Canadian dollar liability on such notes at current rates of exchange at December 31, 1981 is greater than the Canadian funds received at date of issue, indicating a contingent future foreign exchange loss of approximately $11,400,000. Foreign exchange conditions in the future could alter this position materially.

4. **Related party transactions:**

(i) Acquisition of Guaranty Trust Company of Canada shares:

During the year the Corporation acquired 1,875,000 common shares of Guaranty Trust Company of Canada for a cash consideration of $15,000,000.

The Corporation on December 31, 1981 sold its $12,471,000 interest in Guaranty Properties Limited to Guaranty Trust Company of Canada. As consideration the Corporation acquired 1,558,855 common shares of Guaranty Trust Company of Canada.

(ii) Other:

The Finance Group sold $28,966,000 of consumer mortgages and $17,275,000 of other finance receivables at fair market value to Guaranty Trust Company of Canada.

General and administrative expenses include an allocation among Guaranty Trust, Guaranty Properties and the Finance Group for the cost of shared head office personnel and facilities.

5. **Write-down of investment in and loans to factoring subsidiary:**

As a result of continuing high losses from commercial finance operations and based upon an extensive review by management, the Corporation's investment in its factoring subsidiary was written down (net of applicable income taxes) to a nominal value in the third quarter of 1981. The Corporation's share of the factoring subsidiary's assets and liabilities are included in the Corporation's balance sheet as the factoring operations are undergoing a major restructuring to return them to a profitable level.

6. **Income taxes:**

Certain subsidiaries receive tax-exempt dividend and debenture income. In addition certain items of income and expense are recognized in time periods different for financial reporting than for income tax purposes. The summarized income tax position at December 31, 1981 is as follows:

(i) Guaranty Trust:

At December 31, 1981 income tax recoveries on the Company's 1981 tax loss of $3,100,000 comprised of profit for the year less tax-exempt income have not been recorded in the accounts due to uncertainty of future taxable earnings. As a result of this and by claiming timing differences as explained above, the Company has a tax filing loss carry forward position of $16,900,000.

(ii) Guaranty Properties:

Deferred income tax liabilities, arising principally from carrying costs of real estate claimed for tax purposes, have been reflected in the financial statements in the amount of $18,700,000. Losses carried forward on a filing basis and recognized in the financial statements amount to $8,800,000 of which $3,300,000 expire in 1984 and $5,500,000 in 1986.

(iii) Finance Group:

Deferred income tax liabilities arising principally from direct financing lease contracts are reflected in the financial statements in the amount of $32,000,000.

(iv) Canadian General Insurance Group:

Tax losses within the companies comprising this group amounting to $2,412,000 have been recognized in the financial statements. Of this amount, $520,000 will expire in 1986.

7. Pension plans:

The Corporation and its subsidiaries have two pension plans which cover substantially all employees. The most recent independent actuarial valuations of the plans were made at December 31, 1980 and showed a surplus which is available to offset future pension costs.

8. Commitments and contingencies:

The Corporation and its subsidiaries in the normal course of business, have guaranteed letters of credit and bank loans on behalf of customers, and bank loans of associated corporations, in the aggregate amount of $29,700,000 at December 31, 1981.

Legal proceedings against Guaranty Trust, together with the Bank of Montreal, Thorne Riddell Inc., and others, have been commenced in British Columbia and in Alberta, alleging, amongst other things, that Guaranty Trust as trustee under a trust indenture acted improperly in appointing a receiver and manager of the assets of Abacus Cities Ltd., now in bankruptcy. Damages claimed against all defendants total approximately $1,700,000,000. Guaranty Trust is defending these actions and, in the opinion of its legal counsel, Guaranty Trust has a good defence.

Trust Company

9. Securities:

	1981	1980
Government of Canada and Provinces of Canada	**$ 54,709,000**	$ 45,294,000
Other securities:		
Municipal	**1,079,000**	1,667,000
Corporation bonds and debentures	**5,811,000**	6,545,000
Stocks	**51,261,000**	76,356,000
(Market value 1981—$50,415,000; 1980—$79,485,000)	**58,151,000**	84,568,000
	$112,860,000	$129,862,000

10. Guaranteed trust account:

Included in the balance sheet are assets and liabilities of the guaranteed trust account of $2,428,289,000 (1980—$2,137,599,000).

Finance

11. Finance receivables:

(i) Maturities:

Finance receivables due within one year are $300,000,000 (1980—$373,640,000).

(ii) Direct financing lease contracts:

The Corporation has the following net investment in direct financing lease contracts:

	1981	1980
Commercial receivables		
Aggregate rentals receivable	**$101,373,000**	$118,662,000
Residuals on expiry of leases		
Contractual	**815,000**	1,403,000
Non-contractual	**1,792,000**	1,796,000
	103,980,000	121,861,000
Unearned income	**26,517,000**	32,758,000
	$ 77,463,000	$ 89,103,000

Finance Group Debt

	Due within one year	Due beyond one year	Total
Summary			
Secured Debt			
Senior Secured Debt			
Short term notes—in Canadian funds	$135,763,000	$ —	$135,763,000
—in U.S. funds at current or forward exchange rates	19,270,000	—	19,270,000
Medium term notes	29,935,000	275,000	30,210,000
Long term notes	39,034,000	185,149,000	224,183,000
Other Secured Debt	1,745,000	14,524,000	16,269,000
	225,747,000	199,948,000	425,695,000
Unsecured Debt			
Debentures	19,459,000	66,554,000	86,013,000
Other	10,229,000	—	10,229,000
	$255,435,000	$266,502,000	$521,937,000

Senior Secured Debt

The senior secured notes of the Corporation are secured by a first specific charge on finance receivables and eligible securities, a first floating charge on the undertaking and certain other property and assets of the Corporation and are protected by operating restrictions provided in borrowing agreements.

Long Term Notes

Series	Maturity date	Annual sinking fund or maximum annual purchase fund	Outstanding
9¾% AS	March 15, 1982	$ —	$ 18,688,000
5¾% Z	April 15, 1983	250,000	6,381,000
5¼% AA (i)	May 15, 1983	298,000	9,677,000
9¼% AU	August 15, 1983	600,000	25,463,000
5¾% AB	May 1, 1984	250,000	5,810,000
9½% AT	June 15, 1984	600,000	24,974,000
5¾% AC	September 15, 1984	375,000	8,366,000
5¾% AD	April 15, 1985	375,000	8,528,000
6¼% AE (i)	April 1, 1986	—	13,457,000
7¾% AH	December 1,1986	79,000	1,652,000
7¼% AI (i)	July 1, 1987	—	19,034,000
7¾% AJ	September 15, 1987	125,000	3,364,000
8% AK (i)	December 1, 1988	891,000	11,539,000
8¾% AL	December 15, 1988	8,000	224,000
9¾% AM	December 15, 1989	29,000	1,033,000
9½% AN	May 15, 1990	5,000	213,000
10½% AO (i)	October 15, 1990	1,088,000	11,355,000
9% AP	February 15, 1991	625,000	16,859,000
10⅞% AR (i)	March 15, 1991	1,787,000	18,203,000
11¼% AQ	January 6, 1995	181,000	19,363,000
		$7,566,000	$224,183,000

(i) U.S. dollar issues.

Other Secured Debt

The Corporation has obligations of $16,300,000 secured on leased property, bearing interest rates from 8.35% to 10.25% and payable from 1982 through 1990.

Debentures

Series	Maturity date	Annual sinking fund or maximum annual purchase fund	Outstanding
6%	October 15, 1982	$ 225,000	$ 4,159,000
6%	November 1, 1984	180,000	3,747,000
6%	June 1, 1985	120,000	2,681,000
14¾%	June 15, 1990	381,000	7,012,000
11½%	November 1, 1990	238,000	4,458,000
10¾%	April 15, 1991 (i)	300,000	9,756,000
9½%	June 15, 1991	106,000	3,054,000
9¾%	April 15, 1992 (i)	300,000	9,330,000
8¾%	October 15, 1992 (i)	—	12,500,000
10¼%	April 15, 1993 (i)	200,000	9,849,000
8¾%	May 1, 1993	375,000	9,717,000
9%	October 15, 1993	375,000	9,750,000
		$2,800,000	$86,013,000

(i) The holders of these series have the right to elect an early maturity date for such debentures. The Corporation has the right to increase the interest rates on such series, except the 8¾% debentures.

Share Capital

Cumulative redeemable preferred shares

	Authorized		Issued and Outstanding	
	Shares	Amount	Shares	Amount
4½%, par value $100	35,000	$ 3,500,000	35,000	$ 3,500,000
Less: held by subsidiaries			5,135	513,000
			29,865	2,987,000
5%, par value $40	29,149	1,166,000	29,149	1,166,000
Less: cancelled by purchase during 1981			50	2,000
			29,099	1,164,000
Shares issuable in series, par value $30	351,917	10,558,000		
Series A, 5%			43,713	1,311,000
Less: cancelled by purchase during 1981			2,500	75,000
			41,213	1,236,000
Series B, $2.16			190,040	5,701,000
Less: cancelled by purchase during 1981			2,499	75,000
			187,541	5,626,000
Shares issuable in series, par value $10	5,000,000	50,000,000		
10¼% preferred shares			745,401	7,454,000
Less: cancelled by purchase during 1981			31,400	314,000
			714,001	7,140,000
7.5%, par value $50	331,100	16,555,000	303,387	15,170,000
Less: cancelled by purchase during 1981			3,580	179,000
			299,807	14,991,000
				$33,144,000

The terms of issue of preferred shares issued in series include provisions by which the Corporation is to provide (subject to certain conditions) an annual purchase fund for the purchase and cancellation of these preferred shares in the aggregate amount of $1,410,000.

Common shares without nominal or par value

	Authorized	Issued and Outstanding	
		Shares	Amount
Class A	unlimited	6,546,181	$63,985,000
Class B	720,000	720,000	480,000
		7,266,181	$64,465,000
Less: elimination of shares held through a subsidiary (i)		2,199,273	
Common shares effectively outstanding		5,066,908	

(i) The common shares of Traders Group Limited held directly and indirectly through a subsidiary for a total cost of $28,837,000 have been eliminated on consolidation as noted below. This includes the acquisition in 1981 of 29,445 Class A shares for cash consideration of $436,000:

Class A	1,723,389
Class B	475,884
Total common shares	2,199,273

Summary of Accounting Policies

Principles of Consolidation:

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada.

Financial data covering the Corporation's significant business segments are included in the summarized financial information of subsidiaries which is an integral part of the consolidated financial statements.

Foreign Exchange:

Foreign currency receivables and debt of the Corporation due within one year are translated to Canadian dollars at either the exchange rate at balance sheet date or at forward contract rates where such contracts have been made. Foreign currency receivables and debt of the Corporation due beyond one year are included in the consolidated financial statements at the Canadian dollar amount received at date of issue.

Foreign cash balances of the Corporation are translated to Canadian dollars at the exchange rate at balance sheet date.

The financial statements of foreign subsidiaries have been translated to Canadian dollars at the exchange rate in effect at the balance sheet date.

Realized gains or losses arising from market fluctuations are reflected in current operations, while those arising from revaluation of currencies are recorded as extraordinary items.

Depreciation and Amortization:

Property and equipment are carried at cost and depreciated over estimated productive lives or terms of the lease using various rates and methods.

Trust Company Accounting:

Securities are stated at amortized cost except for corporate notes and stocks which are stated at cost. Loans are stated at cost less any provision for losses which management considers necessary in the circumstances.

Income is recorded on an accrual basis. Discounts or premiums on the purchase of government bonds are amortized on a yield to maturity basis. Discounts or premiums on the other bonds and loans are amortized on a straight-line basis over the term to maturity.

Realized gains or losses on investments are included in the statement of income.

The Company follows accrual accounting for all corporate services it provides including the stock transfer agency business. Accrual accounting is also followed for most fees arising from the estate, trust and agency business.

Guaranty Properties Accounting:

Income on land sales is recorded after all material conditions have been fulfilled and at least 15% of the sale price has been received in cash.

Land is carried at the lower of cost including direct carrying charges (primarily interest and realty taxes) and development costs to date, and estimated realizable value.

The proportionate share of the individual assets, liabilities, income and expenses of real estate associated corporations and joint ventures is included in the consolidated financial statements.

Finance Accounting:

Unearned income on direct financing lease contracts and certain long term instalment contracts is computed on an actuarial yield basis. Unearned income on other instalment contracts is computed by the sum of the digits method.

Income from interest bearing loans is recorded on an accrual basis.

The Finance Group holds up to 50% of the equity shares in associated corporations, which are accounted for on an equity basis.

Insurance Accounting:

Bonds and mortgages are stated at amortized cost. Stocks are stated at cost. Cost of investments is reduced by the amount considered to be permanently impaired and such write-down is charged to income in the year of recognition. Gains or losses are recognized in income when realized.

Unearned premiums are taken into income over the term of the policies, on a semi-monthly basis.

Commission and premium taxes which approximate 20% of premiums written are deferred. These costs are amortized over the life of the policy and are recoverable on a pro rata basis in the event of policy cancellation.

Reinsurance premiums ceded are recorded as a reduction of gross premiums. Net premiums earned are determined after deducting the reinsurance earned on a pro rata basis. Claims recoverable from reinsurers are deducted from gross claims incurred. Commissions received from reinsurers are deducted from gross commissions paid to agents. In the case of reinsurance contracts where the premium or commission rate is subject to its loss experience, the insurance subsidiary records its liability at the estimated ultimate rate.

The provision for claims in the course of settlement is based on estimates of the net loss and related expenses for investigating and settling claims. Losses incurred but not reported are determined by estimating the liability based on past results. Anticipated salvage and subrogation recoveries are not recorded until received in cash.

Operating Policies
Finance Group

Accounting policies

Accounting policies with respect to the Corporation, including the Finance Group, are presented on page F15 as an integral part of the consolidated financial statements.

Lending policy

Loan applications are subject to prudent credit policies. Maximum credit limits for the various levels are recommended by the credit committee and ratified by the executive committee.

Credit levels for management are recommended by the next level of authority; approval is granted by the level above the recommending level; e.g. the Branch Manager's limit is recommended by the Regional Manager and approved by the Assistant Vice President.

Specific credit granting authority is assigned to specific eligible employees in each division according to the employee's experience, credit record, portfolio knowledge and overall credit capability.

In the Personal Financial Services division, all loans over $1 million are approved by the board of directors of Traders Group Limited, or in the case of Aetna Financial Services Limited, by its board of directors.

In both the Dealer Services division and the Corporate Financing division, all loans over $3 million are approved by the executive committee.

Loans up to and including the amounts previously mentioned above and exceeding the amounts indicated in the table showing maximum credit granting authority are approved by the credit committee of Traders or by the operating committee of Aetna Financial Services Limited. In addition, the Dealer Services and Corporate Financing divisions have their own division credit committees which have credit limits up to $1 million.

In every division, all loans over $1 million and above are automatically reported to the executive committee.

The Corporation has a policy not to provide financing to any concerns in which its officers, directors, major stockholders, or their families have a material beneficial interest.

Renewals

A renewal is the processing of a new account to pay out an existing account for the same customer. It is an accommodation for customer requirements of reduced instalments, extended terms and/or additional funds. New documentation is completed with the customer and the appropriate guarantors. Credit authorization is the same as for new customer accounts except for the Corporate Financing division which requires approval by the Zone level or above for renewals.

Extensions

An extension is the deferment of an instalment to a later date as a temporary accommodation for the customer. Extensions are carefully monitored by management to ensure they comply with the policies established for each portfolio.

Delinquencies

Delinquency for direct cash loans and sales financing in the personal loan portfolio is determined on both a contractual and recency of payment basis. Delinquency on all other accounts is determined only on a contractual basis. An account is contractually delinquent when the current month's instalment plus more than 10% of the previous month's instalment remains unpaid. An account is delinquent by recency when no payment has been received for 60 days or more.

Write-offs of finance receivables

Credit losses are written off monthly, as soon as identified, after all reasonable effort has been made to effect recovery from the obligant, collateral or guarantor. In addition direct cash loans are written off if at least 10% of a contractual payment has not been received in the last six calendar months; personal finance receivables will be written off if no instalment has been received for nine months. Residential mortgages are written off if a full instalment has not been received in the last twelve calendar months unless an extension is approved by Head Office.

Allowance for credit losses

An allowance for credit losses is established as a result of regular detailed analyses of individual delinquent accounts. In addition to specific reserves, a general reserve is established based on a percentage of outstanding receivables determined by the characteristics of the particular class of receivables, past write-off experience, and other related considerations. The Corporation's auditors review these analyses.

Maximum credit granting authority
(in thousands of dollars)

Portfolio	Senior Vice President	Vice President	Assistant Vice President	Regional Manager	Branch Manager
Direct cash loans	$100	$ 25	$ 10	$ 6.5	$ 4.5
Consumer retail notes and contracts	300	100	50	25	15
Residential mortgages and home improvements	100	50	30	25	15
Industrial and commercial equipment	—	500	250	125	75
Corporate loans	—	500	250	125	—
Leasing	—	500	250	125	—
Factoring and commercial financing	—	200	—	—	—
Wholesale					
Personal Financial Services division	400	300	150	—	—
Corporate Financing division	—	500	250	125	—

December 31	1981	1980	1979	1978	1977
Consolidated Condensed Statement of Income					
Gross income					
Trust company	**$ 335,137,000**	$ 250,004,000	$ 194,518,000	$ 155,128,000	$ 130,914,000
Guaranty Properties	**20,628,000**	17,494,000	21,997,000	19,309,000	13,039,000
Finance Group	**125,505,000**	137,380,000	139,185,000	130,883,000	136,278,000
Insurance Group	**128,540,000**	112,088,000	103,652,000	84,017,000	70,406,000
Gain (loss) on sale of investments	**2,223,000**	1,561,000	1,298,000	350,000	(94,000)
Gross income	**612,033,000**	518,527,000	460,650,000	389,687,000	350,543,000
Expenses					
Interest expense	**351,580,000**	279,582,000	230,749,000	178,648,000	157,176,000
Cost of land sales	**12,943,000**	6,824,000	13,199,000	12,020,000	6,311,000
Insurance claims	**101,559,000**	79,225,000	68,686,000	51,259,000	41,777,000
Insurance commissions and premium taxes	**18,375,000**	17,998,000	18,195,000	14,759,000	13,246,000
Credit losses	**9,779,000**	14,468,000	19,494,000	17,250,000	14,227,000
Salaries and staff benefits	**58,915,000**	55,467,000	52,967,000	50,366,000	44,393,000
Premises including depreciation	**12,093,000**	11,751,000	11,556,000	10,215,000	7,368,000
Other expenses	**44,580,000**	39,477,000	35,721,000	32,557,000	28,475,000
Total expenses	**609,824,000**	504,792,000	450,567,000	367,074,000	312,973,000
Income before income taxes and minority interest	**2,209,000**	13,735,000	10,083,000	22,613,000	37,570,000
Income taxes (current and deferred)	**(1,999,000)**	2,555,000	1,629,000	7,344,000	15,112,000
Net operating income	**4,208,000**	11,180,000	8,454,000	15,269,000	22,458,000
Minority interest and consolidation adjustments	**1,017,000**	(426,000)	(889,000)	920,000	549,000
Net operating income from continuing operations	**3,191,000**	11,606,000	9,343,000	14,349,000	21,909,000
(Loss) net income from discontinued operation	**—**	(1,866,000)	896,000	(338,000)	(4,415,000)
Write-down of investment in and loans to factoring subsidiary	**(526,000)**	—	—	—	—
Net income for the year	**$ 2,665,000**	$ 9,740,000	$ 10,239,000	$ 14,011,000	$ 17,494,000
Available for					
Preferred shares	**$ 2,545,000**	$ 2,588,000	$ 2,614,000	$ 2,661,000	$ 2,716,000
Common shares	**120,000**	7,152,000	7,625,000	11,350,000	14,778,000
	$ 2,665,000	$ 9,740,000	$ 10,239,000	$ 14,011,000	$ 17,494,000
Earnings per common share	**$ 0.02**	$ 1.40	$ 1.54	$ 2.32	$ 3.17
Dividends declared per common share	**1.03¾**	1.25	1.25	1.25	1.19¾
Return on average annual common equity	**0.10%**	5.89%	6.41%	9.93%	14.41%

Five Year Statistical Review

December 31	1981	1980	1979	1978	1977
Consolidated Assets					
Trust company	**$2,511,171,000**	$2,207,154,000	$1,928,648,000	$1,645,552,000	$1,400,259,000
Guaranty Properties	**145,702,000**	117,696,000	90,529,000	42,041,000	28,796,000
Finance Group	**668,791,000**	847,506,000	1,003,017,000	1,002,044,000	975,509,000
Insurance Group	**182,341,000**	167,858,000	159,841,000	139,608,000	114,665,000
Other assets	**60,869,000**	53,529,000	42,808,000	36,968,000	42,481,000
Total assets	**$3,568,874,000**	$3,393,743,000	$3,224,843,000	$2,866,213,000	$2,561,710,000
Consolidated Capitalization					
Finance Group Debt					
Secured Debt					
Short term	**$ 155,033,000**	$ 174,481,000	$ 254,584,000	$ 229,298,000	$ 214,780,000
Medium term	**30,210,000**	96,068,000	93,795,000	62,837,000	72,647,000
Long term	**224,183,000**	242,788,000	250,304,000	275,922,000	253,052,000
Other secured	**16,269,000**	17,884,000	19,421,000	20,790,000	22,134,000
	425,695,000	531,221,000	618,104,000	588,847,000	562,613,000
Debentures and Subordinated Notes	**86,013,000**	103,112,000	110,112,000	112,297,000	103,924,000
Other	**10,229,000**	16,274,000	36,020,000	28,553,000	36,931,000
	521,937,000	650,607,000	764,236,000	729,697,000	703,468,000
Shareholders' equity and minority interest	**150,018,000**	158,473,000	159,494,000	156,221,000	151,915,000
Total capitalization	**$ 671,955,000**	$ 809,080,000	$ 923,730,000	$ 885,918,000	$ 855,383,000
Book value per share	**$ 22.99**	$ 23.77	$ 23.67	$ 23.89	$ 22.90
Net Income (Loss) by Line of Business					
Trust company	**$ 757,000**	$ 4,004,000	$ 3,007,000	$ 4,624,000	$ 3,846,000
Guaranty Properties	**1,632,000**	3,607,000	3,471,000	3,267,000	2,785,000
Finance Group	**1,034,000**	(577,000)	(431,000)	2,565,000	7,856,000
Insurance Group	**(758,000)**	2,706,000	4,192,000	3,555,000	3,007,000
Consolidated net income	**$ 2,665,000**	$ 9,740,000	$ 10,239,000	$ 14,011,000	$ 17,494,000
Number of:					
Weighted average number of common shares outstanding	**5,069,000**	5,122,000	4,941,000	4,884,000	4,669,000
Employees	**3,458**	3,526	3,507	3,465	3,448
Branches	**284**	329	330	342	375

Rate Spread and Net Earnings Analysis

Maturities/Debt Comparison

Quarterly Analysis of Rate Spread and Net Earnings by Source

(unaudited, in thousands of dollars where applicable)

		Net Rate Spread		Net Earnings					
Quarter		Trust(1)	Finance(2, 4)	Trust	Property	Finance	Insurance	Total	Per Share
1977	Q1	1.18%	7.84%	$ 444	$1,155	$1,765	$ 512	$ 3,876	$0.75
	Q2	1.43	8.23	1,074	759	1,276	1,033	4,142	0.73
	Q3	1.54	8.58	1,137	587	498	1,348	3,570	0.60
	Q4	1.34	8.79	1,191	284	4,317(3)	114	5,906	1.09
		1.37	8.37	3,846	2,785	7,856	3,007	17,494	3.17
1978	Q1	1.48	8.52	1,226	278	1,772	283	3,559	0.59
	Q2	1.48	8.26	1,121	1,409	1,237	1,403	5,170	0.92
	Q3	1.36	7.96	983	1,351	679	548	3,561	0.60
	Q4	1.36	8.02	1,294	229	(1,123)	1,321	1,721	0.21
		1.43	8.18	4,624	3,267	2,565	3,555	14,011	2.32
1979	Q1	1.12	6.99	608	308	698	632	2,246	0.33
	Q2	1.24	6.73	984	(140)	497	1,591	2,932	0.46
	Q3	1.31	6.69	960	132	590	1,471	3,153	0.51
	Q4	1.14	5.99	455	3,171	(2,216)	498	1,908	0.24
		1.20	6.59	3,007	3,471	(431)	4,192	10,239	1.54
1980	Q1	1.19	5.83	482	223	857	(279)	1,283	0.12
	Q2	1.24	6.18	1,294	23	(1,219)	1,666	1,764	0.22
	Q3	1.28	6.62	1,341	475	(17)	463	2,262	0.32
	Q4	1.34	7.02	887	2,886	(198)	856	4,431	0.74
		1.26	6.41	4,004	3,607	(577)	2,706	9,740	1.40
	Q1	1.12	7.15	568	887	862	(630)	1,687	0.20
	Q2	0.85	7.48	(128)	393	535	238	1,038	0.09
	Q3	0.29	7.86	(4,089)	(32)	394	548	(3,179)	(0.76)
	Q4	0.62	6.98	4,406	384	(757)	(914)	3,119	0.49
		0.71	**7.36**	**$ 757**	**$1,632**	**$1,034**	**$ (758)**	**$ 2,665**	**$0.02**

Notes: (1) Rate earned on investments (excluding fee income) less rate paid on deposits. Taxable equivalent basis for all periods except for the second, third and fourth quarters of 1981, wherein income tax credits are no longer available due to the uncertainty of future realization.

(2) Gross yield on average funds in use less the average total cost of borrowed money. Includes the carrying costs of investments in Guaranty Trust, Insurance Group and Guaranty Properties. Excludes credit losses.

(3) Includes an investment gain after tax of $4,585,000 from the sale of Traders' interest in Inter-City Gas Limited.

(4) Revised for 1981 to exclude Aetna Financial Services Limited.

Comparison of Maturities of Finance Receivables with Debt

(in millions of dollars)

	1982	1983	1984	1985	1986	1987 1991	1992 1996	Total
Finance Receivables								
Direct cash loans	$ 107.9	$ 73.5	$ 38.4	$ 10.3	$ 2.3	$ 1.6	$ —	$ 234.0
Consumer retail notes and contracts								
Motor vehicles	12.8	6.3	2.1	0.4	—	—	—	21.6
Mortgages	36.1	34.6	33.3	7.1	0.7	0.1	—	111.9
Other	33.5	15.4	13.0	3.2	—	—		65.1
	190.3	129.8	86.8	21.0	3.0	1.7		432.6
Commercial loans and contracts								
Industrial and commercial equipment	35.3	21.6	10.8	2.5	0.5	—	—	70.7
Commercial loans	2.9	0.1	1.4	0.3	—	—	—	4.7
Leasing	15.4	13.6	12.1	10.8	9.3	42.8	—	104.0
Factoring and commercial financing	39.3	—	—	—	—	—	—	39.3
Wholesale	16.8	—	—	—	—	—	—	16.8
	$ 300.0	$ 165.1	$ 111.1	$ 34.6	$ 12.8	$ 44.5	$ —	$ 668.1
Debt								
Short term notes								
Commercial paper	$ 155.0	$ —	$ —	$ —	$ —	$ —	$ —	$ 155.0
Medium term notes	29.9	0.3	—	—	—	—	—	30.2
Long term notes	39.0	49.8	41.9	12.2	19.5	60.0	1.8	224.2
Other Secured Debt	1.8	1.9	2.1	2.3	2.5	5.7	—	16.3
	225.7	52.0	44.0	14.5	22.0	65.7	1.8	425.7
Debentures	19.5	7.2	14.2	13.3	1.8	18.9	11.1	86.0
Other	10.2	—	—	—	—	—	—	10.2
	$ 255.4	$ 59.2	$ 58.2	$ 27.8	$ 23.8	$ 84.6	$ 12.9	$ 521.9

Directors and Officers

Directors

JOHN P. BASSEL, Q.C.
Partner, Bassel, Sullivan & Leake
Barristers and Solicitors

ROBERT E. BETHELL
President and Chief Executive Officer
Canadian General Insurance Group

W. JOHN A. BULMAN
President, The Bulman Group Limited

G. RICHARD CHATER
President, Grafton Group Limited

E. WALLACE FLANAGAN
President, Traders Group Limited

IRVING R. GERSTEIN
President, Peoples Jewellers Limited

ROBERT G. GRAHAM
President, Inter-City Gas Corporation

ALAN R. MARCHMENT, F.C.A.
Chairman of the Board
and Chief Executive Officer

FREDERIC Y. McCUTCHEON
President
Arachnae Management Limited

JAMES W. McCUTCHEON, Q.C.
Partner
Shibley, Righton & McCutcheon
Barristers and Solicitors

E. LLEWELLYN G. SMITH
Chairman of the Board
E. D. Smith & Sons Limited

DONALD I. WEBB, F.C.A.
Financial Consultant

Officers

ALAN R. MARCHMENT, F.C.A.
Chairman of the Board and
Chief Executive Officer

E. WALLACE FLANAGAN
President

Senior Vice Presidents

J. DOUGLAS DERBYSHIRE

E. AUSTIN FRICKER, C.A.
Finance and Administration

MICHAEL A. HASLEY
Corporate Financial Services

Vice Presidents

ROBERT W. CHISHOLM, C.A.
Controller

WILLIAM L. COCHRANE
Corporate Financing

THOMAS R. HIXSON
Credit

L. DUNCAN McCALLUM
Marketing

DAVID J. SKENE
Personnel

MICHAEL J. VEAUDRY
Information Services

GEORGE E. WHITLEY, Q.C.
Secretary and General Counsel

Committees and Subsidiaries

Committees

Executive

Chairman: James W. McCutcheon, Q.C.

John P. Bassel, Q.C., G. Richard Chater, E. Wallace Flanagan, Irving R. Gerstein, Robert G. Graham, Alan R. Marchment

Function: During intervals between meetings of the Board of Directors, the Executive Committee has all the powers of the Board except those powers that are required by legislation or Corporation by-law to be exercised by the Board itself.

Finance

Chairman: G. Richard Chater

E. Wallace Flanagan, Alan R. Marchment, James W. McCutcheon, Q.C., Donald I. Webb

Function: The Finance Committee reviews and makes recommendations with respect to the Corporation's capitalization program.

Audit

Chairman: Irving R. Gerstein

John P. Bassel, Q.C., W. John A. Bulman, G. Richard Chater, James W. McCutcheon, Q.C.

Function: The Audit Committee reviews financial information intended for publication, and the adequacy thereof, before such information is submitted to the Board. It also reviews, on a continuing basis, control procedures in effect throughout the Corporation.

Pension Plans Trustees

Chairman: Alan R. Marchment

Robert E. Bethell, G. Richard Chater, E. Wallace Flanagan

Function: The Pension Plans Trustees review and make recommendations with respect to the funding of employee pension benefits, the selection of investment managers and funding vehicles, the investment return objectives and the investment strategies and performance for the Traders and subsidiaries pension plans.

Compensation

Chairman: G. Richard Chater

Irving R. Gerstein, Robert G. Graham, Alan R. Marchment, James W. McCutcheon, Q.C

Function: The Compensation Committee reviews manpower planning and the performance of management personnel and makes recommendations to the Board concerning executive compensation.

Subsidiaries

GUARANTY TRUST COMPANY OF CANADA

Chairman of the Board, President and Chief Executive Officer
Alan R. Marchment

Vice Chairman of the Board
E. Wallace Flanagan

CANADIAN GENERAL INSURANCE GROUP
CANADIAN GENERAL INSURANCE COMPANY
TORONTO GENERAL INSURANCE COMPANY
TRADERS GENERAL INSURANCE COMPANY

Chairman of the Board
James W. McCutcheon, Q.C.

President and Chief Executive Officer
Robert E. Bethell

CANADIAN GENERAL LIFE INSURANCE COMPANY

Chairman of the Board
James W. McCutcheon, Q.C.

President
Charles P. Flood

AETNA FINANCIAL SERVICES LIMITED

Chairman of the Board
Alan R. Marchment

President
J. Douglas Derbyshire

GUARANTY PROPERTIES LIMITED

Chairman of the Board
Alan R. Marchment

President
Glenn D. Wallace

Guaranty Trust Deposit Services

625 Church Street
Toronto, Ontario
M4Y 2G1

William J. Perkins
Vice-President

Toronto Main
366 Bay Street
Toronto, Ontario
M5H 2W5

M. J. Broadbent
Regional Vice-President

Ontario Central
625 Church Street
Toronto, Ontario
M4Y 2G1

A. R. Mitchell
Regional Vice-President

Ontario West
305 Victoria Avenue
Windsor, Ontario
N9A 4M7

R. A. Thompson
Regional Vice-President

Ontario East and Quebec
109 Bank Street
Ottawa, Ontario
K1P 5N5

D. K. Bogert
Regional Vice-President

Ontario North, Manitoba and Saskatchewan
105 Durham Street South
Sudbury, Ontario P3E 3M9

E. D. Skuce
Regional Vice-President

British Columbia and Alberta
800 West Pender Street
Vancouver, British Columbia
V6C 2V7

P. H. Hebb
Regional Vice-President

Guaranty Trust Mortgage Investments

335 Bay Street
Toronto, Ontario M5H 3N8

S. Douglas Arnott
Vice-President

W. J. Abra
Assistant Vice-President

D. J. Davison
Assistant Vice-President

Ontario Central and West
335 Bay Street
Toronto, Ontario
M5H 3N8

P. R. Simpson
Regional Vice-President

Ontario East and North, Quebec and Maritimes
Suite 102
225 Metcalfe Street
Ottawa, Ontario K1P 1P9

E. W. Rourke
Regional Vice-President

Western Canada
401 - 9th Avenue South West
Calgary, Alberta
T1P 3C5

Guaranty Trust Dealer Services

625 Church Street
Toronto, Ontario
M4Y 2G1

J. Garry Hunter
Vice-President

Pacific-Western Zone
625 Church Street
Toronto, Ontario
M4Y 2G1

R. S. Campbell
Assistant Vice-President

Alberta Zone
Suite 340
10160-112 Street
Edmonton, Alberta T5K 2L6

G. W. Aldridge
Assistant Vice-President

Eastern Zone
Suite 935
880 Chemin Ste-Foy
Quebec, Quebec G1S 2L2

P. Gosselin
Assistant Vice-President

Guaranty Trust Corporate Financing

366 Bay Street
Toronto, Ontario
M5H 2W5

William L. Cochrane
Vice-President

Equipment Financing and Leasing
R. C. Hodges
Assistant Vice-President

J. S. Ridout
Assistant Vice-President

Manufacturer and Distributor Services
A. B. Duff
Assistant Vice-President

Corporate Loans

W. Ferguson
Assistant Vice-President

Guaranty Trust Corporate Services

366 Bay Street
Toronto, Ontario
M5H 2W5

Gerald A. Morin
Vice-President

Pension Services
R. K. Weller
Assistant Vice-President

Corporate Trust
M. MacGirr
National Manager

Stock Transfer
W. E. Brolly
National Manager

Personnel and Locations

Guaranty Trust Personal Trust Services

366 Bay Street
Toronto, Ontario
M5H 2W5

T. Allan W. Duncan
Vice-President

Personal Trust Services
D. J. Sutton
Assistant Vice-President

Investment Funds Services
M. Rosemont
Assistant Vice-President

N. Leonard
National Manager

Guaranty Properties Limited

625 Church Street
Toronto, Ontario
M4Y 2G1

Glenn D. Wallace
President

Andrew W. Lomaga
Vice-President

Property Management
Walter G. Schmida
Vice-President

Western Division
156 Victoria Trail
Shopping Centre
550 Clairview Drive
Edmonton, Alberta T5H 4A2

Clifford J. Small
Vice-President

Montrad Inc.
Alexis Nihon Plaza
1500 Atwater Avenue
Montreal, Quebec
H3Z 1X8

G. St. Pierre
General Manager

Guaranty Trust Real Estate

625 Church Street
Toronto, Ontario
M4Y 2G1

Thomas R. Merrick
Vice-President

Traders Personal Financial Services

625 Church Street
Toronto, Ontario
M4Y 2G1

Garnet H. Greenfield
Vice-President

Allan M. Cline
Vice-President

Quebec Division
Suite 540
3 Place Laval
Laval, Quebec
H7N 1A2

Jean Dunberry
Vice-President

Western Zone
2426A Douglas Crescent
Post Office Box 3188
Langley, British Columbia
V3A 4R5

T. L. Sallenbach
Assistant Vice-President

Ontario Zone
Suite 401
703 Evans Avenue
Etobicoke, Ontario
M9C 5E9

J. E. Van Leeuwen
Assistant Vice-President

Eastern Zone
Suite 711
6080 Young Street
Halifax, Nova Scotia
B3K 5L2

R. A. Wilson
Assistant Vice-President

Aetna Financial Services Limited

4150 St. Catherine
Street West
Montreal, Quebec
H3Z 1X8

J. Douglas Derbyshire
President

J. P. Lafontaine
Vice-President

Canadian General Insurance Group

Canadian General Insurance Company

Toronto General Insurance Company

Traders General Insurance Company

170 University Avenue
Toronto, Ontario
M5H 3B5

Robert E. Bethell
President and
Chief Executive Officer

David G. Robinson
Senior Vice-President

L. Bernard Bowden
Senior Vice-President

Thomas W. Winnett
Senior Vice-President

Western Region
Suite 800
10010 - 106th Street
Edmonton, Alberta
T5J 3L8

F. J. Melenka
Regional Manager

Ontario Region
170 University Avenue
Toronto, Ontario
M5H 3B5

W. R. Gore
Regional Vice-President

Quebec Region
Place Sherbrooke
1010 Sherbrooke Street West
Montreal, Quebec
H3A 2V9

M. Laramee
Regional Manager

Atlantic Region
Suite 808
6080 Young Street
Halifax, Nova Scotia B3K 5L2

A. G. Hunter
Regional Manager

Canadian General Life Insurance Company
Post Office Box 918
Suite 702
105 Main Street East
Hamilton, Ontario
L8N 3P6

Charles P. Flood
President

Toronto General Insurance Company
Reinsurance
170 University Avenue
Toronto, Ontario
M5H 3B5

Keith J. Holland
Executive Vice-President

Traders Group Limited

Head Office
625 Church Street
Toronto, Ontario
M4Y 2G1

Auditors
Price Waterhouse
Chartered Accountants
Toronto, Ontario

Stock Exchange Listings
(Symbol: TG)

Toronto Stock Exchange:
Class A & B common,
preferred (all classes)

Montreal Stock Exchange:
Class A & B common,
preferred (10¼%, 7.5%)

Vancouver Stock Exchange:
Class A & B common,
preferred (4½%, 10¼%, 7.5%)

Share Transfer Agents and Registrars
Guaranty Trust Company of Canada
Toronto, Montreal, Winnipeg,
Calgary, Vancouver

Bank of Montreal Trust Company
New York, N.Y.

Trustees
Senior Secured Debt—
The Royal Trust Company
Toronto, Ontario

Debentures—
The Canada Trust Company
Toronto, Ontario

Bankers and Other

In Canada (13)
Bank of America Canada
Bank of British Columbia
Bank of Montreal
Bank of Nova Scotia
Banque Nationale de Paris (Canada)
Canadian Imperial Bank of Commerce
Citibank Canada
Continental Illinois Bank (Canada)
The Mercantile Bank of Canada
National Bank of Canada
The Royal Bank of Canada
Swiss Bank Corporation (Canada)
The Toronto-Dominion Bank

In the United States of America (14)
AmeriTrust of Cleveland
Bankers Trust Company
Crocker National Bank
First Interstate Bank of California
The First National Bank of Boston
The First National Bank of Chicago
Harris Trust & Savings Bank
Manufacturers Hanover Trust Company
Manufacturers National Bank of Detroit
Marine Midland Bank
Mellon Bank, N.A.
Seattle-First National Bank
Union Bank
Wells Fargo Bank, N.A.

Holdings in Subsidiary Companies

December 31, 1981	Effective % held by Traders
Consolidated Subsidiaries	
Trust Company	
Guaranty Trust Company of Canada	99.6%
Guaranty Properties Limited	100.0
Finance Group	
Trans Canada Credit Corporation Limited	100.0
Trans Canada Credit Realty Limited	100.0
Traders Finance Corporation (1966) Limited	100.0
Aetna Financial Services Limited	60.0
Traders Finance S.A. and subsidiaries	100.0
Traders Finance Corporation (1976) Limited	100.0
Insurance	
Canadian General Insurance Company	99.5
Toronto General Insurance Company	98.9
Traders General Insurance Company	99.5
Canadian General Life Insurance Company	98.8

Guaranty Trust Company of Canada

Consumer

Savings and Chequing Accounts
Time Deposit Certificates
Guaranteed Investment Certificates
Guaranty Option Certificates
GT60 Service
First and Second Residential Mortgages
Personal Loans
Demand Loans
VISA

Registered Home Ownership Savings Plan
Registered Retirement Savings Plans
Registered Retirement Income Funds
Investment Funds
Investment Management
Estate and Trust Administration
Estate Planning
Personal Financial Planning

Corporate

Corporate Loans
Equipment Financing and Leasing
Manufacturer Floor Plans
Commercial Mortgages
Distributor Capital Loans
Dealer Services

Corporate Trust Services
Stock Transfer Agent and Registrar
Trustee of Pension and other Employee Benefits
Master Trust

Real Estate

Real Estate Sales
Home Relocation Services

Guaranty Properties Limited

Land Development
Investment Properties
Property Management
Real Estate Sales

Traders Group Limited

Finance Group

Personal Loans
Sales Financing Plans
Mortgages

Aetna Financial Services

Factoring
Accounts Receivable Financing

Canadian General Insurance Group

General Casualty Insurance for Automobiles and Properties
Individual and Group Life Insurance
Sickness and Accident Insurance

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